

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION



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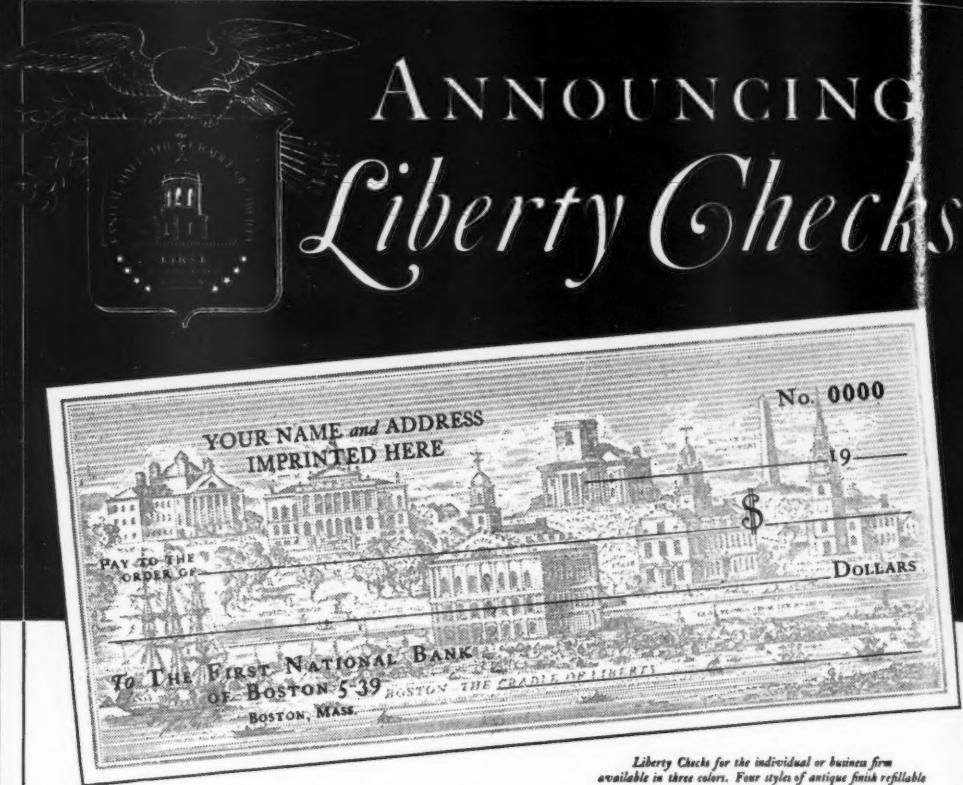
SEPTEMBER, 1941

INSTALMENT BUYING CONTROL...CARTOON FABLE...REAL ESTATE SALES HINTS...INSURANCE
BOOKS...LEGAL ANSWERS...METHODS AND IDEAS...PEOPLE YOU KNOW...WASHINGTON
BANK WINDOW DISPLAYS...GOVERNMENT MERCHANDISING...DEFENSE BONDS...TAXATION

Once in a great while, something new and dramatically effective in bank checks comes over the horizon.

An event of this sort has just taken place in Boston . . . through the cooperation of The First National Bank of Boston and The Todd Co.

Part of it is told in the reduction of a current newspaper ad. shown at right. The rest of the story will be placed in your hands promptly, without obligation, by The Todd Co., Rochester, N.Y., on request.



Liberty Checks for the individual or business firm available in three colors. Four styles of antique finish refillable covers stamped with your name in gold.

Insured... Distinctive... Individualized

THE new First National Liberty Check carries particular significance at this time. For it calls attention, pictorially, to some of Boston's most treasured historic possessions that have played leading roles in making this city known throughout the country as "The Cradle of Liberty." And it is singularly appropriate that New England's oldest and largest bank should offer these unique checks.

If you are not now a First National depositor, we invite you to make this bank your bank. We welcome new checking accounts—both large and small. Start your account with any amount you wish, keep any amount on deposit; the service you use determines the cost.

★ **PRESTIGE.** Your continued success and ours is closely allied with the prosperity and well-being of this community. Every time you issue a Liberty Check, you not only build prestige and good-will for yourself or your business, but also for Boston as well.

★ **INDIVIDUALIZED.** Liberty Checks carry your name and address. And for your convenience, your checks and stubs will be pre-numbered consecutively to conform to the system you have been using.

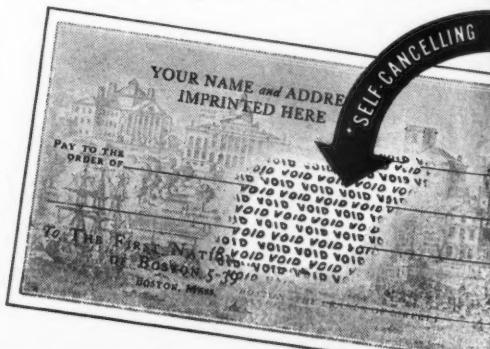
★ **GREATER SAFETY.** Liberty Checks provide greater safety against loss by alteration. They are self-cancelling*—ink eradicator, when applied to any part of the check, brings out the word "void" dozens of times and erasure produces glaring, telltale white spots. These safety features are backed by an insurance policy that protects your account.

For further details inquire at any First National office.

The **FIRST** NATIONAL BANK of **BOSTON**

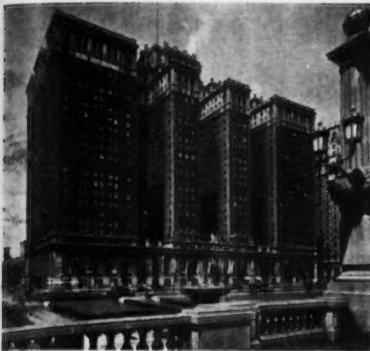
1784 ★ 1941

Member of Federal Deposit Insurance Corporation



New England's Oldest and Largest Banking Institution

Just a Minute



The Stevens Hotel, Chicago, meeting place of the A.B.A. convention

Chicago

THIS IS Convention Month for banking and **BANKING**.

In Chicago, from September 28 through October 2, the American Bankers Association holds its 67th annual meeting.

In the magazine, meanwhile, we hope you'll whet your appetite for the convention program on the informative, interesting material we have prepared for just that purpose.

See the section beginning with the picture of the Liberty Bell (page 115).

Year Book

BUT THAT'S not all—far from it.

As we foretold last month, this is our Year Book Issue, the special number that appears just before the A.B.A. convention. Being a special issue, it has a theme—the merchandising of bank services.

Here you'll find analytical accounts of what these services are, who can use them and how they are being sold. The field is so vast that we won't attempt to outline it here; we hope we've covered it rather well.

Defense, Too

THE EMPHASIS in banking this year has been on defense, and the banks' services on that front—services gladly

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BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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INTERNATIONAL BUSINESS MACHINES CORPORATION

GENERAL OFFICES,
590 MADISON AVENUE
NEW YORK



DIVISIONS:

ELECTRIC ACCOUNTING MACHINE DIVISION
INTERNATIONAL TIME RECORDING DIVISION
INTERNATIONAL SCALE DIVISION
ELECTRIC WRITING MACHINE DIVISION

September 1, 1941.

SUBJECT: VACATION SCHEDULES AND
PERSONAL TRUST ACCOUNTING

Vacations are good for every one----but Trust work never takes a holiday and customers cannot be inconvenienced even though some of your key people are away.

Yet it is sometimes difficult to prevent disruption of services when all the work incident to Trust Accounting is handled in the traditional manner. The same thing is true when unforeseen absences occur and when there is an unexpected surge of work.

A great many banks have found that this recurring seasonal problem is minimized by the installation of IBM Electric Punched Card Accounting Systems. True, this was not the primary reason, but it is just another of the many accruing advantages of a system which reduces operations to a routine that every one familiar with punched cards can carry out.

Wherever Personal Trust and other bank accounting operations are on a punched card basis, vacation schedules do not seriously interrupt the regular, even flow of work. All who are accustomed to working with punched cards can perform all functions and no one is restricted to any one special duty.

Next month we'll tell you about another incidental, but important, benefit of the IBM Punched Card Method. In the meantime, if you wish complete information, simply call or write our nearest branch office.

Very truly yours,

International Business Machines Corporation

P. S. You will have an opportunity to see the IBM Electric Punched Card Method being demonstrated at the Annual Convention of the American Bankers' Association, Sept. 28 to Oct. 2, at the Hotel Stevens, Chicago, Illinois.

JUST A MINUTE—Continued

given—make an impressive story. P. D. HOUSTON, president of the American Bankers Association, outlines in "Streamlined for Service" some of the things the A.B.A. has done to help the banks and the Government with the colossal problem of financing rearmament; and in many places throughout the issue you'll find reminders of the world crisis.

Next Month

WITH THE Year Book off our chest we'll pick up some of the old threads next month. This means that MILES L. COLEAN will be back with another article on construction trends; also MILTON WRIGHT will be resuming his year-long series on bank directors.

By the way, the Mortgage Bankers Association of America so liked Mr. Colean's August contribution that it asked permission to reprint the full text in the association's semi-monthly bulletin service to the 650 members.

The Boys

THE FEDERAL Reserve Bank of Minneapolis devoted a recent issue of its publication *Bank News* to its boys who are in the national service. The special defense number carried pictures of and stories about the dozen young men from the staff who were working with Uncle Sam's armed forces at the time of publication.

The idea of the special issue, it seems, originated with the officers of the bank. The plan is to print other "specials" as the number of new "joiners" warrants.

Army Banking

AS FOR banks for the bankers—and others, of course—once they're in camp, we reported a couple of months ago that proposed Federal legislation would permit the extension of facilities to all military reservations, regardless of state laws.

Meanwhile, at many posts where formal banking facilities do not exist, arrangements have been made through the post exchanges or canteens for handling routine banking service. We understand that it is probable that in no case is the soldier seriously inconvenienced. However, it would seem desirable—if we may editorialize a moment—to bring all such facilities under systematic banking procedure.

"Down Under Again"

THIS DEPARTMENT on previous occasions has borrowed (with due credit) (CONTINUED ON PAGE 5)

Ask every new Account



—Just test this sentence for a month, when you have opened a new account and are about to supply your customer with his first check book:

**"Did you ever think
of having your
own name printed on
your checks?"**

—Then show him this little L.H. Check Book by De Luxe—an attractive gold stamped leather cover—with 200 checks on National Safety Paper, imprinted with his name—all for \$1.25. Seven out of ten will buy it.

De Luxe
CHECK PRINTERS, INC.
Lithographers and Printers

CHICAGO
KANSAS CITY
ST. PAUL

BUSINESS NEED NOT "FLY BLIND"

OUR SERVICES CHART A SAFE
COURSE THROUGH PROBLEMS
INVOLVING . . .

- Property and Business Studies—
- Income and Estate Taxes—
- Continuous Property Records—
- Reorganization—Regulation—
- Court Testimony—Insurance



**The AMERICAN
APPRaisal Company**

Founded 1896 • Offices in Principal Cities

**R. G. RANKIN
& CO.**

**CERTIFIED
PUBLIC
ACCOUNTANTS**

NEW YORK
CHICAGO
WASHINGTON



"AND SO THEY LIVED HAPPILY
EVER AFTERWARDS . . ."



The Newlywed Jones Are A Better Mortgage Risk Because G-E Home Equipment Enables Them to Live Better At Less Cost!

• What a house costs to LIVE IN influences the owner's *ability* and *willingness* to pay. That's why careful consideration should be given to the type of operating equipment in the home when examining residential mortgage risks. Will it continue to operate at low cost? Will the maintenance expense be reasonable? Does it contribute to the owner's comfort and enjoyment? What about obsolescence?

The best way to be sure is to insist on well-known, quality-built operating equipment. G-E home wiring systems, heating plants and kitchen appliances are unsurpassed for dependable performance, *enduring* economy and long life. "Equipment by G-E" is assurance of owner satisfaction.

The G-E Home Bureau has recently published a booklet that demonstrates the effect high-quality operating equipment can have on the cost of home ownership — actually shows that it can cost less to live better. It's a brand new approach to sounder mortgages. A free copy will be sent upon receipt of coupon.

GENERAL ELECTRIC



General Electric Home Bureau
Dept. B-419, 1285 Boston Ave.
Bridgeport, Conn.

Please send me a copy of *Your New Home and Your Pocketbook*.

Name.....

Address.....

City..... State.....

BANKING

AYES

he
ayes have it

... Ayes that are counted in the million. Ayes of plain people, important people ... people who have discovered the comfort and services of The Stevens, people who have seen the superb equipment of one of America's great hotels.

The casual traveler, the A.B.A. Convention delegate, the man with a family, the visiting diplomat. These are the people we mean.

Look them over. Listen to what they say. What's that? "A new Stevens Hotel in the Hotel Stevens?"

"What do you mean?"

"Why, the 1600 newly-decorated rooms at The Stevens. They say it's only the initial step in a completely new Stevens And style? Comfort?"

"Why, man, these rooms embody the combined talents of the country's leading interior decorators, contractors, furniture craftsmen, and other leading artisans!"

Just listen to the enthusiastic approval and find out for yourself. Sure the ayes have it. Up and down the land—100% for **The Stevens Way**.



A Correction

The word "not" was omitted from an important passage in the article "The Control of Foreign Funds", August issue of BANKING. On page 24, Question 4, "What is a blocked account?", the second sentence of the quotation from General Ruling No. 4 should have read: "The term 'blocked account' shall *not* be deemed to include free dollar accounts of the type," etc.

from the *South Australian Bank Officials' Journal*, published in far-away Adelaide, and here we go again.

This time it's a little story about the Banker's Ball down there, and a "Miss Banks" popularity contest, by means of which hundreds of pounds are raised for charity. The details, at this distance, are unimportant to readers in the States, but apparently the ball and the contest arouse a great deal of interest and rivalry. Says the *Journal*:

"A pleasing feature of the whole contest is the completeness of the cooperation—and the rivalry—in the different banks. For once, all banks are in the swim, not only the trading banks, but the Savings Bank, the Commonwealth, and the State. Success is in no small measure due to the official blessing pronounced by bank executives, who have permitted august and hallowed banking chambers to be used for children's parties and picture shows, or have allowed their stately portals to be hidden behind stalls in a Paddy's market."

The "Miss Banks" angle was apparently an innovation in this year's contest. "Even its most sanguine organizer," says the *Journal*, "little dreamed that the idea would sweep through the banks like a bushfire, leaving behind it a trail of dances, picture evenings, chop picnics and mysterious tickets at six pence each."

No Joke

FUNNY THING about jokes—you never know when they're coming home to roost.

Just as we were going to press along came a letter from *The Reader's Digest* informing us that its September issue contained a joke we had printed.

It had been culled, we found, from the fruits of our Joke Contest of blessed memory.

SPECIALISTS IN—

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Other Agency Issues
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C. J. DEVINE & CO.

48 Wall Street, New York

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Direct Wires to all Offices

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Among our
September Installations:

RHODE ISLAND HOSPITAL NATIONAL BANK

Providence

Pawtucket • Woonsocket

Resources

\$75,000,000

~ Remember: ~

The F.A.A.* survey said,
"In No Minimum Balance,
public preference is definitely
for the 5¢ type of
checking account. It presents
a greater appeal to the public, assures
greater income and profit."

"THE AVERAGE BANKER FINDS
IT MUCH MORE DIFFICULT TO
SELL CHECKBOOKS."

*Financial Advertisers Ass'n.

CheckMaster

AMERICA'S FIRST and ORIGINAL CHECKING ACCOUNT PLAN

REQUIRING

NO MINIMUM BALANCE

Depositor pays 5c for each
check drawn and item de-
posited. Checkbooks Free.

CheckMaster is now in its 6th
year of successful operation. *No
advance payment required. No
royalties.* Pay 6 months after in-
stallation—and then only for sup-
plies needed to service accounts
actually opened. *Send for litera-
ture and read what banks say
of their CheckMaster success.*

CHECKMASTER PLAN, INC.
22 East 40th Street, New York



Girl pages of The National City Bank of New York, top, and the Citizens National Trust & Savings Bank of Los Angeles

The Girl Pages

WELL, THERE'S been an epidemic of bank page girl (bless 'em!) stories lately. It seems to have been started by an account, with picture, of the girls in The National City Bank of New York and its associate, City Bank Farmers Trust Company, who are replacing young men now in service or in defense industries.

The story's wide publicity presumably reminded banks in many cities that they'd had girl pages for some time. Anyway, BANKING promptly heard about several such staffs; no doubt they are growing these days. We can't attempt a complete account, but we do publish two sample pictures.

Defense Comes to Pigeon Cove

ON YOUR Massachusetts road map Pigeon Cove is the dot that threatens to topple from the tip of Cape Ann into the embattled Atlantic.

Don't worry—it won't. Few places are more securely anchored. Built on a granite underpinning which it has in-

(CONTINUED ON PAGE 8)

DOUBLE ACTION

INVESTMENT

Build good will or enjoy office economy with CORONET Pencils . . . a fine pencil for advertising or for your own office use. This two-fold, double-duty performance is accomplished because we print your bank name on each pencil in clear effective style at no extra cost. Distribute them freely among your customers and prospects—or put them to work in the hands of your employees.

No board of directors' appropriation is needed to take quick advantage of this two-in-one offering, since the cost is so modest. The quality of CORONET Pencils is guaranteed. You have a choice of two colors: Yellow and Blue. Hexagon shape. Grades of lead: soft, medium, hard. 1 gross—\$2.95; 3 gross—\$2.65 per gross. Discount in larger quantities.

Please state clearly
printing copy desired
for one panel of the
pencil, color and grade
of lead. Send your
order today!

Coronet Pencil Co.
61 N. 22 ST. EAST ORANGE, N. J.

Trade Opportunities in Latin America



The nation's foreign trade, largely disrupted in other parts of the world, today is showing substantial gains in respect to South America. Our increased purchases from our neighbors to the South are creating the necessary exchange with which Latin America can and does pay for a variety of United States products. This two-way stimulation is of growing importance not only to many American enterprises but to the banks serving them as well.

The Chase National Bank main-

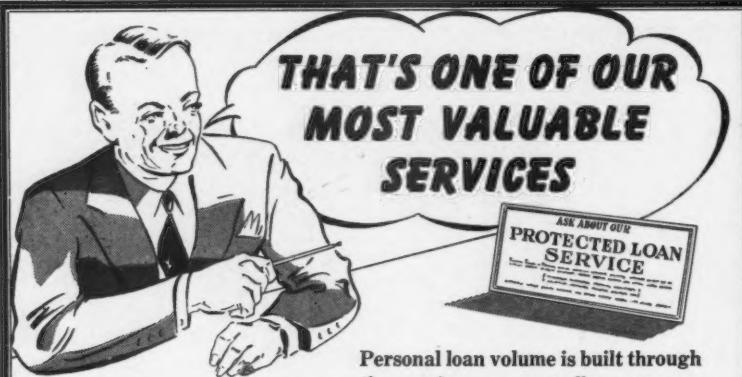
tains branches in several leading cities in the Caribbean area, and has long established relationships with financial institutions in every trade center in Latin America. The Foreign Department of the Chase at the head office in New York thus has a timely and well-rounded knowledge of business and financial conditions in these countries.

The benefits of these facilities and first hand connections are available to correspondent banks of the Chase.

THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK

Member Federal Deposit Insurance Corporation

JUST A MINUTE—Continued



Personal loan volume is built through the services you can offer your customers and prospective borrowers. Personal consideration for the borrower's family and obligations are a part of the loan officer's duty. Safeguarding the borrower's pledge and limiting his responsibility to a living obligation is a service that borrowers cannot help but appreciate. Just as you require insurance on tangible property, you can insure the intangible collateral of personal loans. That is the service of "insurance on the life of the debtor in favor of the creditor" . . . service that pays dividends in good will whenever the unexpected happens.

Write for our interesting brochure "Securing Personal Loans."

The Credit Life Insurance Company

SPRINGFIELD, OHIO

"Insurance on the Life of the Debtor in Favor of the Creditor"

herited from the ice age, the Cove long shared with its neighbor Rockport the distinction of being the granite center of something or other.

The granite is still there, but most of the cutters now work in other pastures. Some maintain the Cove's ancient and honorable reputation as a fishing town. Others have jobs with the local tool company which years ago gave industrialism a foothold in an economy founded on fish and rock.

As you read this the chances are that the drop forges in the tool company's waterside plant are going lickety-split, giving ruinous competition (in decibels) to the surf close by, and discomfit to the enemies of democracy. Maybe you read about those forges recently; the Cove has just had some publicity resulting from legal action over the noise.

Anyway, the point is that Defense has come to Pigeon Cove. Arriving in the form of orders that require the plant to work long hours, it has brought to the village a hustle that is at odds with tradition. For one thing there are so many jobs that men had to be recruited from other towns to fill them. For another thing, there is the noise.

People in countless other American communities are in the midst of similar changes. Confronted with a bewildering acceleration in life's tempo, they realize that in times of war and rumors of war, old routines go by the board.

Meanwhile, the keeper of the general store at Pigeon Cove has laid in an enormous stock of the heavy gloves ironworkers wear.

And the banks at nearby Rockport have had a busy Summer.

This unusual photograph was taken from the roof of a Government building



EWING GALLOWAY
BANKING

is engaged primarily in facilitating wholesale distribution and retail sales of the following products of General Motors Corporation and its world-wide affiliates: CADILLAC, BUICK, OLDSMOBILE, PONTIAC, CHEVROLET automobiles; FRIGIDAIRE appliances for refrigeration and air conditioning; DELCO lighting, power and heating equipment; GMC trucks; BEDFORD, VAUXHALL and other

GENERAL MOTORS
INSTALMENT
PLAN

foreign made automotive vehicles.

The business consists of investments in self-liquidating credits, widely diversified as to region and enterprise, capital employed being in excess of \$80,000,000.

In obtaining short term accommodation, GMAC issues one standard form of note. This obligation it offers to banks and institutions, in convenient maturities and denominations at current discount rates.

These NOTES are available, in limited amounts, upon request.

EXECUTIVE OFFICE NEW YORK • BRANCHES IN PRINCIPAL CITIES



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GRavy, SIR?

★ Come right down to it, that's

what commodity loans are—"gravy"—something extra, something beyond the regular loan business in your Bank's portfolio. ★ Yet they're easy to find; they're profitable and they're sound. ★ If your Bank is not getting its share of this kind of loan business (commodity loans secured by Lawrence Field Warehouse Receipts), we urge you to write today to any of the Lawrence System offices listed above for free booklets describing how you can start NOW to get "your share of the gravy!"

LAWRENCE SYSTEM *field warehousing*

(FOR BANK LOANS AGAINST INVENTORY)

The Condition of BUSINESS

THE OUTLOOK. Wherever it is raining defense dollars business is very good but the areas and industries just out of range are facing enough first-class troubles to last them all through the war. There is not much middle ground any more between defense and non-defense activity and a community or industry is either getting some of the business or getting hurt.

THREE PROBLEMS. In addition to taxes, rising costs, priorities, price police and all the well-known uncertainties of trying to do business under present conditions, there are three things that seem particularly disturbing.

1. *Lack of Uniform Progress.* First, some parts of the program are going too fast and some too slow.

The fact of the matter is that the whole defense program has been kicked up to speed somewhat beyond the supply of skilled managers and workers and in many instances beyond the capacity of auxiliary suppliers, fabricators and carriers. Whether the resulting cacophony could have been avoided by more concentration of authority in a single administrator is doubtful, but one thing is certain: we do not need at present any more straw bosses, vice-chairmen, assistant coordinators, associate directors and advisory committees. If there is any question of teamwork involved it is a problem for the vast number of drivers more than the lone but willing business mule.

2. *Buying to Beat the Rise.* Second, almost every business with cash or credit is using some of it to buy materials, both finished and unfinished, in excess of any reasonable amount that they have use for at present.

The only question in everyone's mind seems to be, not whether prices will rise, but how far and how long. There are two solid factors which deserve more attention.

One is that we can produce vastly more food on farms than is now being grown. The Government finds it necessary even today to curtail production, buy surpluses and adopt various artificial devices for maintaining prices. A moderate increase in the price of any farm-grown

commodity would bring a rise in production with a consequent depressing effect on the price, unless some strict curtailment should be imposed to maintain a scarcity.

It would seem to be a reasonable assumption that as long as the dollar value of farm-produced food cannot rise too far without stimulating the vast potential production in the offing, we have a good safeguard against any violent inflation of prices in general.

The second factor that merits a thought is the effect of the existence of huge inventories on price sentiment. No one knows at just what point the accumulated surpluses will begin to weigh heavily on the price level.

3. *Small Business Smaller.* Efforts to spread the big Government jobs by subcontracting have not been very successful but ought to show results as time goes on. Meanwhile the mere possibility that thousands of small industries might be squeezed in the defense rush is something to worry about. It would be hard to imagine democracy without a broad base of small privately run businesses.

CROSS INDEX. BANKING's cross index, based on a poll of 3,000 bank directors and presidents in all parts of the United States, shows a slight decline. Seventy-eight per cent of those polled said the volume of business activity was increasing, 17 per cent reported conditions as static and 5 per cent noted a decline. The month before 79 per cent said that the direction was up, 18 per cent reported that their respective enterprises were holding their own, and 3 per cent reported an unfavorable trend.

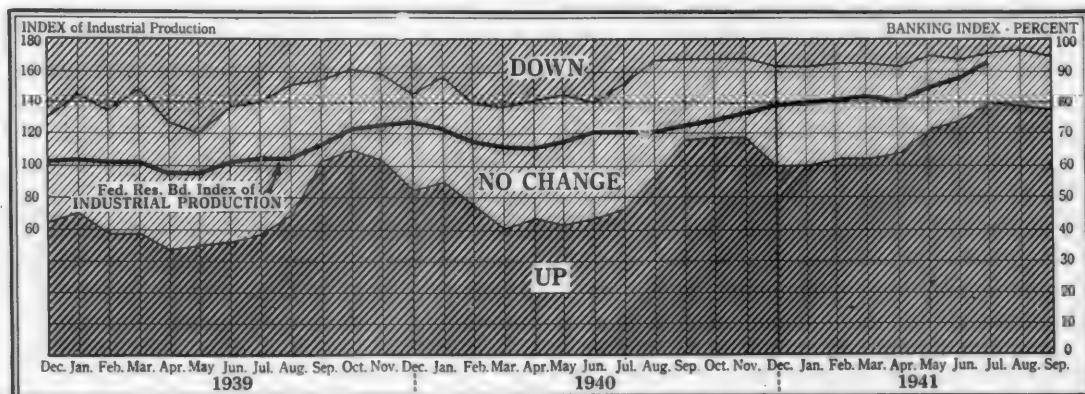
The composite cross index figure this month stands at 94, compared with 96 last month.

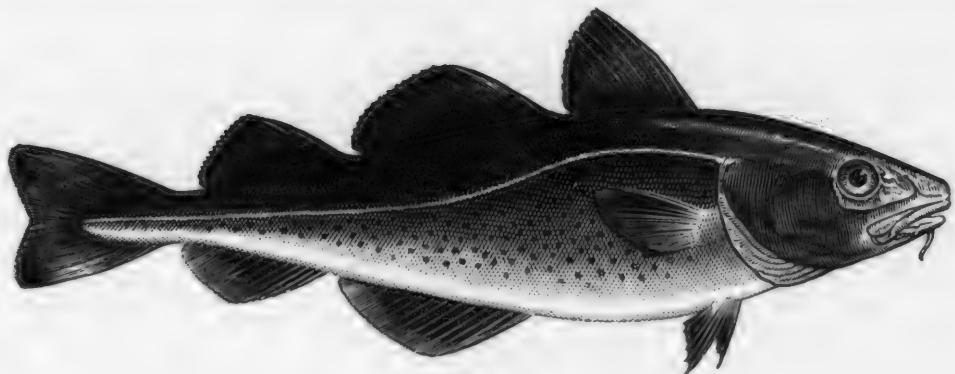
This month 81 per cent of those reporting an upward trend in business say that the defense program is the reason. Last month the figure was 82 per cent.

Thirty-three per cent of the bankers included in the poll reported increased loan activity traceable to the defense program, compared with 28 per cent last month.

WILLIAM R. KUHNS

BANKING's cross index to date





What
important banking center do these represent?



The bean pot and the cod represent Boston, one of America's important banking centers — the Indian represents the Shawmut, outstanding for more than one hundred years for banking service in Boston and throughout New England.

To banks in all parts of America these symbols have important significance. More than 450 banks in New England, and many others throughout the country, are correspondents of this institution. In addition to prompt, efficient collection service and accu-

rate knowledge of business and credit conditions, the Shawmut is exceptionally able and willing to cope with *unusual* problems. It is solving these unusual problems that makes the Shawmut a "banker's bank," geared to produce results.

We cordially invite your inquiry.

The National
Shawmut Bank
Boston

Member Federal Deposit Insurance Corporation



The National Prospect



These Washington observations are reported for BANKING by HERBERT M. BRATTER.

Washington, D. C.

Savings Bond lottery

IN THE Commerce Department's Division of Commercial and Economic Information each payday each of the 18 members of the staff contributes \$1.04 toward the purchase of a \$25 Defense Bond. Numbers from 1 to 18 are drawn by the persons participating and each payday a bond is presented in the order in which the numbers were drawn. Eventually each of the 18 will receive a bond, the persons drawing the lower numbers gaining the advantage of interest payment for a longer period.

No forced saving—yet

ALTHOUGH ECONOMISTS have gone on record in favor of forced saving, Washington seems not ready to adopt it. Secretary Morgenthau prefers "voluntary" financing, and the CIO has proclaimed itself "fundamentally opposed to forced saving for wage earners or wage taxation as long as there is continued unemployment."

Coin output soars

THE MINTS produced in 1940-41 more than twice as many coins as in 1939-40, itself a record year. Of the 1,770,000,000 coins struck last year, more than 1,000,000,000 were cents.

Appearing before the Senate Finance Committee, Secretary Morgenthau called for an "all out" revenue program. Below, the Secretary is greeted by the new Senate Finance Committee Chairman George



PRESS ASSOCIATION

Hedging on Commodity Futures Markets

ASKED BY BANKING what new use of the commodity futures markets bankers may make, J. M. Mehl, chief of the Commodity Exchange Administration, stated:

"The answer might be 'none', if you refer only to the large banking institutions in New York and Chicago. Such institutions have executives, trained in commodity marketing, who usually require that commodities on which they are lending funds be hedged in the futures market against price risk.

"Some of the smaller bankers, perhaps, would do well to follow the lead of the larger institutions and impose a similar requirement. Naturally the banker should know something about the theory of hedging; he should be able to appraise the relative position of the borrower in the futures market as contrasted to holdings of the actual commodity, to assure himself that price risk is really being covered and not increased, as could be the case."

Spreading or straddle operations, involving the purchase of one future against an offsetting sale of another future, may put a bank's client in the position of having relinquished his hedge, without the bank getting the whole picture of the customer's obligations.

The banker should know about all of a client's actual and futures commitments.

Morgenthau appreciates

WRITING TO each of the nation's banking institutions about their part in handling the tax-anticipation Treasury notes, Secretary Morgenthau, after alluding to the bankers' services in connection with savings bonds, said:

"I very much appreciate the valuable assistance being rendered in that connection by the banking institutions of the country as well as in the handling of our regular Treasury issues. I am certain that I can count on your cooperation in this further important phase of the national defense program . . .

"I would therefore appreciate it if the Treasury could have your continued cooperation in acquainting your customers with the facts concerning these tax notes and your assistance in handling their applications and remittances with your Federal Reserve bank."

Bank charges and cost-plus contractors

THE COMPTROLLER GENERAL of the United States has made public his letter to the Secretary of War on the subject of reimbursability of cost-plus-a-fixed-fee government contractors for bank activity charges in connection with payrolls.

The War Department brought to the Comptroller General's attention the latter's decision of May 9 denying reimbursement of \$757.95 covering an activity charge made by the Central National Bank, Junction City, Kansas, incident to cashing of payroll checks issued in connection with cost-plus-a-fixed-fee contract No. W6139 qm-41 with John C. Long, M. W. Watson and Manhattan Construction Company. That payment, the Comptroller General's office had ruled, was not authorized. Subsequently, several cost-plus-a-fixed-fee contractors urged a reconsideration of the decision.

In his letter to the Secretary of War, the Comptroller General, citing such requests for reconsideration, wrote:

Your above-quoted letter expresses the view that because such contractors are required by Construction Division Letter No. 75 to provide facilities for cashing employees' pay checks without cost to the employees, the additional expense imposed upon the contractor is properly reimbursable to him.

Whether a particular item of expense is reimbursable to the contractor as such, or

(CONTINUED ON PAGE 14)



SPEED

Unrivaled is the rapidity with which the loose leaf *CCH Standard Federal Tax Service* reports, with full explanations, the constantly changing federal tax scene. And this is not mere happenstance, not accidental.

In the interests of *Standard* subscribers, the CCH Washington office is in continuous first-hand contact with the activities of Congress, the Treasury Department, Board of Tax Appeals, and other focal points. The extensive CCH Court Decisions Reporting System provides all new court decisions on federal taxation right after they are handed down. Skilled editing then combines

with high speed production methods in CCH's own printing department especially equipped for loose leaf publication, to assure for *Standard* subscribers the swiftest possible reporting of new federal tax happenings.

So it is that *Standard* subscribers are profiting particularly these days by being kept quickly, fully, and constantly informed of each step in the growth of the new federal revenue law now in the making, as it occurs.

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Photo by U. S. Army Signal Corps.

WITH an 800,000,000 candle-power beam, Army anti-aircraft searchlights can "pin a plane to the stratosphere" 5½ miles up. Now, "spots" must be mobile, so searchlight and generating equipment are packed into trailers (like this Fruehauf short 4-wheeler) and hitched to a 6-wheel prime mover. Fruehauf—America's "number one" trailer manufacturer—makes personnel trailers for the Air Corps, photographic trailers for the Signal Corps, and a host of other Army items. Harvey Fruehauf, President (shown

below) says, "National Defense comes first here. A most valuable tool in speeding up my own capacity is my Ediphone—with it my secretary and I accomplish far more work in less time." How much more can you do by "talking" away your correspondence, memoranda, data, details—to an Edison VoiceWriter? To use a new floor or desk model Ediphone right in your own office—without obligation—simply phone Ediphone (your city) or write Dept. K9, address below.

NATIONAL PROSPECT—Cont.

whether it is included in lump-sum-fixed fees or other payments made depends upon the terms of the contract; and consequently, a proper consideration of the matter is not possible except with relation to specific contracts. The Quartermaster contracts cited above are, however, generally similar, having been executed on C.P.F.F. Form No. 1; and it is assumed that Construction Division Letter No. 75 had reference to this type of contract. In view of those instructions, it is evident that any checking account activity charge imposed on the contractor by reason of providing facilities at or near the site for cashing employees' pay checks is in fact an expense incurred in engaging a service required by the Government in the performance of the work, within the scope of Article II, Par. 1 (a) of the contract, which provides for reimbursement of such actual expenditures in the performance of the work as may be approved or ratified by the contracting officer, including, among other items "All . . . services . . . necessary for either temporary or permanent use for the benefit of the work." This is made more apparent by the fact that, if the contractor chose to hire the necessary field employees on the site of the work in order to make cash disbursements of wages, such expenditures clearly would be reimbursable under Article II 1 (g) of the contract which allows reimbursement of salaries of field employees of the contractor in connection with the work.

You are advised, therefore, that this office will not object to the reimbursement to the contractor under contracts similar to Nos. W-6139-qm-41, W-6978-qm-1, and W-7011-qm-2, of reasonable amounts paid to banks as activity charges in connection with pay roll checks of the contractors' employees, provided that such expenses are properly substantiated, are approved or ratified by the contracting officer, and are verified in accordance with the terms of the contract.

Who gets the orders

OPM REPORTS that 56 corporations having defense supply contracts with the War and Navy Departments have contracted for almost three-fourths of the total dollar volume of such contracts.

Bethlehem Steel Corporation, at the end of May, held the largest volume of supply contracts—a total of \$927,000,000. The next largest volume of supply contracts was held by the New York Shipbuilding Corporation, the total being \$507,000,000. General Motors Corporation ranked third with \$490,000,000, and Curtiss-Wright Corporation fourth with \$444,000,000. Fifth was Newport News Shipbuilding & Dry Dock Company with \$389,000,000, and sixth, E. I. du Pont with \$318,000,000. The combined defense supply orders of these six companies total \$3,075,000,000, or 31.3 per cent of \$9,839,000,000 representing the total volume of all defense supply contracts at the end of May. Four aircraft companies each had over \$100,000,000.

Thomas A. Edison, Inc., West Orange, N. J. . . . Thomas A. Edison of Canada, Ltd., 610 Bay St., Toronto

Defense orders follow labor supply. Donald Nelson finds that New England, with 12.1 per cent of the total manufacturing workers in the United States, has received 12.9 per cent by dollar value of military contracts; the Middle Atlantic states, with 28.6 per cent of workers have 27.3 per cent of the orders; the East North Central states, with 27.8 per cent of workers, have 18.4 per cent of all military orders (but 27.2 per cent of War Department orders alone); the West North Central states, with 4.8 per cent of total workers, have 5 per cent of total orders; the South Atlantic states, with 12.6 per cent of workers have 11.3 per cent of orders, and so forth.

Compulsory saving in Britain

A PROVISION which in effect amounts to compulsory saving has been incorporated in the British budget for 1941-42 with the almost universal approval of the nation, according to the Department of Commerce.

"This plan," it is pointed out, "is to be made effective not by a tax on wages as such, but by giving the taxpayer a credit (up to a maximum of £65) in the Post Office Savings Bank equivalent to the extra tax payable by reason of reductions in the personal allowances and earned income allowances under the income tax. It is estimated that these reductions will bring approximately 2,000,000 additional taxpayers into the orbit of the income tax. A single person will now start paying a tax on earned income in excess of £110 instead of £120, and married couples with two children will start paying when their earned income exceeds £265 instead of £300. . . .

"The favorable reception of the compulsory savings measure in the new budget proposals was particularly remarkable in view of the fact that the scheme lacks a number of the beneficial provisions embodied in the plan when first proposed in 1939. Under the scheme now grafted into the income tax system, the British taxpayer must pay the full tax and cannot claim or use any of his credit while the war continues. . . .

"In addition to the compulsory savings plan, another important principle, characterized by the leading British economic journal as a 'virtual income ceiling' was also edged into the British income tax system in connection with the new budget. An effective limit has been set to net income which any individual may receive in a year, the highest total amounting to about £7,000."



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At three in the morning we are still busy meeting all Buffalo planes and trains. Incoming cash items are sorted and redispached to their destinations by the fastest possible route. This means presentation hours in advance of other methods.

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*Comparison
in miles of
surfaced roads
in Iowa.*

1920

US IOWA 860 miles

1940

US IOWA **US IOWA** **US IOWA** **US IOWA** **US IOWA** **US IOWA**
US IOWA **US IOWA** **US IOWA** 8503 miles

*Comparison
of resources
Bankers Trust
Company*

1920

\$ \$ \$ \$ \$ 4,700,000

1940

\$ \$
\$ \$ 23,399,000

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Back in 1920, tourists steered clear of Iowa's mud. But in the 1940's, tourists smile when they strike the smooth, wide surface and easy curves of Iowa's paved highways, with dangerous grade-crossings eliminated. A sound road-building plan has given Iowa one of the nation's finest highway systems. During these same twenty years, a sound plan of progressive banking has produced equally significant growth in the resources of The Bankers Trust at Des Moines, paralleled by similar growth in the number of out-of-town banks who depend on The Bankers Trust to handle their Des Moines business.

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A Collector of Frozen Money

Few non-reimbursement certificates issued

AN EDITORIAL in the August issue of the *Journal of Accountancy* urges prompt alleviation of a problem arising from uncertainty concerning the administration of the amortization provision of the law. According to the American Institute of Accountants, costly delays for corporations which have supply contracts with a procurement agency of the Federal Government and which must prepare their estimates of Federal income and excess-profits-tax liability for the current year "may be caused by differences of opinion among and within governmental agencies concerned with the administration of the amortization provision (section 124 of the Internal revenue Code). The difficulties arise from questions in relation to the Government's rights in the amortized facilities after the end of the emergency period in cases where the corporation may be deemed to have been reimbursed in whole or in part for the cost of such facilities through the price of the products supplied to the government

"The result has been that, as compared with the number of applications which the taxpayers have filed, only a very small number of certificates of non-reimbursement or of Government protection under subsection (i) have yet been issued."

Army "market center" plan

IN A SPEECH on the purchase of poultry and eggs under the new procurement plan, John A. Martin of OPM described the market center plan as providing greater elasticity. Purchases are made daily, in the open market, and according to grade and Army specifications, he said. There is a minimum of disturbance to civilian markets. Suppliers like it better, although the (CONTINUED ON PAGE 19)



MORE THAN MACHINES When You Buy Burroughs

For Example:

Recently Burroughs issued a booklet comparing the procedures and advantages of 10 Posting and Proving Plans for a Bank's Commercial Book-keeping Department. Copies of this booklet—or the services of a Burroughs man—are available to bankers who are interested in comparative studies of the different plans.

As a result of over fifty years' active participation in the development of bank accounting, Burroughs knows the background of today's problems in all bank departments and how different methods can be used under different conditions.

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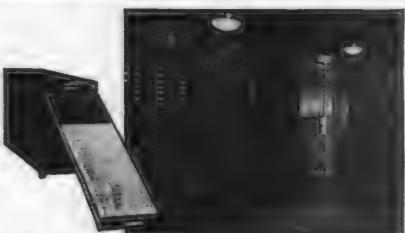
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NATIONAL PROSPECT—Cont.

prices are lower than under the previous system of indefinite quantity contracts for 30-day periods.

According to Mr. Martin, "each market center is in charge of a commissioned officer of the Quartermaster Corps who does the purchasing and executes the necessary documents. He is advised by an experienced civilian, who is qualified to buy poultry, eggs, butter, and cheese, and who is classed as a marketing specialist under civil service.

Purchases are made on a competitive bid basis and awards are made to the lowest responsible bidder. Bids may be requested and awards made within a few hours on a verbal basis followed by written confirmation. Although the regional buying office (market center) makes the purchase, delivery must be made to the Quartermasters at the respective camps.

"I suggest you familiarize yourselves with the location of the market center office nearest to you or those with whom you desire to do business. Get acquainted with the commissioned officer in charge and the civilian expert where one has been assigned. Find out what grades and volume are needed, type of packaging, and delivery dates. Don't wait for the government buyer to come to you. Take the initiative yourself because he may have many prospects to contact."



OPM Director Knudsen stated that "the United States can write its own ticket on defense material, and this ticket can, as far as I am concerned, be twice anybody else's"

RFC steps out

FOR THE development of cattle, mining and fishing industries in one of the Galapagos Islands, a \$500,000 loan to the Pacific Development Company, Inc., has been announced by the Federal Loan Administrator.

*Signature
O.K.*

But how about
the FUNDS?



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Not fraud. Not forgery. But insufficient funds. That's the problem that causes frequent trouble for the bank... the problem that most frequently causes embarrassment and strained relations between the bank and its clients.

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Difficult situations are
avoided.



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This profusely illustrated booklet will give you an entirely new idea of the wide usefulness of Lamson Tubes in bank, commercial and industrial offices. It blueprints "the bank of the future," showing how vaults, cages and other space-cluttering elements may be removed from the banking floor to less expensive and more secure quarters. It shows how Tubes reduce messenger and clerical staffs, speed routine and cut costs. Drop a line now for "Wings of Business."



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HARRIS & EWING

IN THE NEWS

Leon Henderson, left, OPM price control chief, testifying before the House Banking and Currency Committee on the price control bill, said the nation was "at the brink of inflation." Reserve Board Governor Eccles, right, has been busy with the new instalment credit control regulations

The Navy Wants Men

Bank men subject to the Selective Service Act may enlist, prior to being called, in the Naval Reserve as petty officers with ratings of yeomen or storekeepers with a base pay of \$60 a month, or better, according to Lt. Comm. B. B. Ralston, officer in charge of the U. S. Navy Recruiting Station in New York City.

The Navy is particularly in need of competent clerical help and it is here that Lt. Comm. Ralston feels bank draftees could find niches offering advancement.

Although enlistment in the Navy is for six years and in the Reserve four years, reservists will be released to get back to their jobs as soon as possible after the emergency is over.

Victory Terms

In a secret parley somewhere on the Atlantic President Roosevelt and Prime Minister Churchill agreed on a joint declaration of their war aims. The text of the declaration consisted of eight points:

FIRST, their countries seek no aggrandizement, territorial or other.

SECOND, they desire to see no territorial changes that do not accord with the freely expressed wishes of the peoples concerned.

THIRD, they respect the right of all peoples to choose the form of government under which they will live; and they wish to see sovereign rights and self-government restored to those who have been forcibly deprived of them.

FOURTH, they will endeavor, with due respect for their existing obligations, to further

the enjoyment by all states, great or small, victor or vanquished, of access, on equal terms, to the trade and to the raw materials of the world which are needed for their economic prosperity.

FIFTH, they desire to bring about the fullest collaboration between all nations in the economic field with the object of securing, for all, improved labor standards, economic advancement and social security.

SIXTH, after the final destruction of the Nazi tyranny, they hope to see established a peace which will afford to all nations the means of dwelling in safety within their own boundaries, and which will afford assurance that all the men in all the lands may live out their lives in freedom from fear and want.

SEVENTH, such a peace should enable all men to traverse the high seas and oceans without hindrance.

EIGHTH, they believe that all of the nations of the world, for realistic as well as spiritual reasons, must come to the abandonment of the use of force. Since no future peace can be maintained if land, sea or air armaments continue to be employed by nations which threaten, or may threaten, aggression outside of their frontiers, they believe, pending the establishment of a wider and permanent system of general security, that the disarmament of such nations is essential. They will likewise aid and encourage all other practicable measures which will lighten for peace-loving peoples the crushing burden of armaments.

Taxes vs. borrowing

IN THE opening debate on the tax bill Congressman Frederick C. Smith of Ohio brought up the matter of the Treasury's desire to raise one-third of the expenditures by borrowing and two-thirds by taxing. We quote from the record:

Mr. Gifford. But I urge you, as a member of the minority, to see to it that that statement is not made again to the public.

Mr. Treadway. Well, it will be made again, because that is the theory on which this 3½

billion dollars is raised; but it is not correct any more.

Mr. Gifford. I want you to see to it that the public is not fed that any more. There is no such thing as one-third and two-thirds. It will be more like 80 and 20.

Mr. Treadway. You will be lucky if you get out of it at 80 and 20. We do not know where we are going to bring up in this matter of expenditure, either through taxation or borrowing. The gentleman's grandchildren will never see this indebtedness liquidated.

Steam roller ahoy!

SOMETHING NEW in Washington labor problems was sighted with the distribution in July of a CIO leaflet bearing a drawing of a steam roller under the caption "Pave the Way to Overtime Pay." The steam roller bore the legend HR 5369, "the Federal workers overtime bill." The occasion for the throw-away was a mass meeting of the United Federal Workers of America.

Smart trade associations

SMART TRADE associations, foreseeing the stringencies which have since come upon us, were forehanded in advising the defense authorities of the importance of their industries to the country's defense. A good case in point is the 45-page document, with charts, submitted to NDAC by the American Paper and Pulp Association.

Here are a few sentences from that document:

... Products of the industry have an essential place in many vital manufacturing processes such as sheet steel, automobiles and munitions ... Furthermore, at this particular time, Government demands for paper and paperboard for printing public documents, specifications, educational publications, packaging, etc., are increasing by leaps and bounds. These needs must be kept supplied at all costs ...

The paper and pulp industry produces well over 10,000 kinds of paper and allied products. A few of the more important paper products for direct military usage are highly refined cellulose for use in nitro-cellulose explosives, cellulose wadding for bandages and medical purposes, special papers for ships templets and patterns, filter and absorbent papers for gas masks, and other products essential for military uses, and special papers and paperboard for packaging of military supplies ...

Whereas

"WHEREAS" THE contractual 6 per cent interest rate on Federal Land Bank and Land Bank Commissioner loans was temporarily reduced to 3½ per cent, various national farm loan associations are asking for a continuance of the reduction. Taking up their cause is Congressman Jared Y. Sanders of Louisiana.



THIS IS THE STORY OF BANKER BLACK . . .
WHO SET UP SHOP IN A TUMBLE-DOWN SHACK

Not that Banker Black didn't have the capital to build an impressive, modern bank. He just couldn't see spending it for solid vaults, modern equipment. But his efforts to economize didn't inspire much confidence in potential customers. In fact, they stayed away in droves.

Of course, Mr. Black's unhappy career is fictional. But his story proves a point: the surroundings in which you do business play an important part in building your prestige.

And just as the appearance of your bank can make a good—or bad—impression, so your checks can be an advertisement for—or against—your bank.

That's why banks with a keen sense of public relations standardize on Hammermill Safety. Of all the leading check papers, it's the only one which bears a name familiar to every business man . . . the only

one which is like an old friend to your depositors.*

Your customers have confidence in Hammermill papers. They respect Hammermill quality. And they respect your judgment when you furnish them checks on Hammermill Safety.

That is the "plus" value no other check paper can offer—the opportunity to harness for your bank the national prestige and good will of the Hammermill name . . . best known name in paper.

*HERE'S THE PROOF: An independent survey organization asked 1,000 depositors: "With which one brand-name of check paper are you most familiar?"

HAMMERMILL SAFETY topped the second-ranking brand by more than 6 to 1 . . . polled almost twice the votes of all other brands combined!

See for yourself why Hammermill Safety wins the vote of 2 out of 3 depositors. Mail coupon below for sample book and "Reference File" of specimen checks today.



Selected

★ BOOKS ★ FOR THESE TIMES

"While we read history we make history," observed George William Curtis—and quite correctly. Never was history being made faster than today, and never was there greater need to keep step with it by neglecting no opportunity to understand events. On this page you'll find a few books that will help. And to make things easy for you, BANKING will be glad to send, on receipt of the published price, any (or all) of the titles listed.

The number of readers taking advantage of this offer is steadily increasing. A friend in Los Angeles, ordering a book last month, took occasion to say: "I believe this is a splendid service and I trust you will continue it in the future."

Our address is 22 East 40th Street, New York, N. Y.

BERLIN DIARY. By *William L. Shirer*. Alfred A. Knopf. 605 pp. \$3.

THIS journal of a foreign correspondent during times of war and preparation for war has been high on the best seller list for many weeks.

YOU CAN'T DO BUSINESS WITH HITLER. By *Douglas Miller*. Little, Brown & Company. 229 pp. \$1.50.

THIS book is also "tops." The man who was United States commercial attaché in Germany for 15 years knows whereof he writes—and what he writes is worth reading.

AMERICA PREPARES FOR TOMORROW. By *William Dow Boutwell and Associates*. 602 pp. Harper & Brothers. \$3.50.

WRITING to "assist the puzzled student, official and citizen in their efforts to an orderly understanding of the national defense program," the authors endeavor to report facts only; this is not a book of opinion. It provides information about the emergency defense organization, materials and tools, human resources, our military and naval establishments, problems of the home front, and other pertinent matters.

A SHORT WAR THROUGH AMERICAN INDUSTRIAL SUPERIORITY. By *Louis Marlio*. Brookings Institution. 51 pp. 25 cents.

A FRENCH economist and industrialist tells in this slender pamphlet why he believes Germany will lose the

war: she can't match the production of the United States and she is already working at the peak of her own capacity. "With time now operating in favor of the democracies, at least for a two-year period," he says, "there is an opportunity to convert potentialities into actualities and bring an early end to the conflict which is now consuming the energies of the world."

U. S. SUPREME COURT BUSINESS LAW DECISIONS, 1940-41. Commerce Clearing House, Inc. 248 pp. \$1.

HERE are the decisions handed down by the Court in the October 1940 term on business subjects other than taxation. The decisions, observes the foreword, "show a continuing tendency on the part of the Court to subject property rights to the control of state and federal governments and to uphold legislative and executive action in the field of business regulation."

FINANCING DEFENSE ORDERS. By *Lynn L. Bollinger*. McGraw-Hill Book Company. 167 pp. \$2.50.

THIS timely book is the result of recent investigations into the many practical problems encountered as manufacturers of defense goods have had special need of working capital. Numerous actual cases are studied. Subject matter includes defense loans by commercial banks, loans by the RFC and Reserve bank, advance payments on government contracts, bank loans vs. advance payments, financing subcontractors, and difficulties arising from contract terms. Mr. Bollinger suggests what manufacturers, government and banks can do to eliminate difficulties.

BOOKS RECEIVED

MONEY & BANKING. By *J. M. Peterson, D. R. Cawthorne and P. H. Lohman*. Macmillan, New York. 726 pp. \$3.75. A new textbook by Miami University faculty members.

ECONOMIC ANALYSIS. By *Kenneth E. Boulding*. Harper, New York. 827 pp. \$4.25. Offers a new or "imperialistic" method of developing economic principles for introductory college economics.

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BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

SEPTEMBER 1941

The Year and the Outlook

SEPTEMBER—



EUROPEAN

50 U. S. destroyers swapped to Great Britain for bases



INTERNATIONAL NEWS PHOTO

The President signs the draft bill, and below, Japan joins the Axis



EUROPEAN

September 1941

The question uppermost in the United States at the end of the second year of this new war was whether history would also repeat itself with respect to this nation's armed participation in the conflict.

Two circumstances in the last 12 months were chiefly responsible for drawing the United States toward a "shooting" participation in the war. One was the fact that England came to the end of her financial resources in the Spring of 1941, thereby presenting this country with a choice of becoming Britain's non-fighting partner in the war against Hitlerism or letting that nation and all that she stood for go down. In unhesitatingly electing the former course, this country obviously gave Germany the pretext that she needed, should she at any time decide that she was strong enough to throw down the gauntlet to the United States. The second circumstance was provided by the new territorial ambitions of Japan in the Far East.

The chief reason for the feeling, on the other hand, that the United States might still avoid being drawn into this new world war, as it was into the last, was to be found in its frank, even vigorous, acceptance of the implications of its new position. On the realistic assumption that there is only one language the Axis powers understand it has proceeded without stint to make itself unconquerably strong and to serve as "the arsenal of democracy."

The following text briefly reviews some of the events of the momentous year between September 1940 and the middle of August 1941.

September

ADDRESSING an assemblage of Nazi officials in Berlin on September 4 Hitler charged that the R.A.F. had been guilty of bombing non-military objectives in Germany; told his audience he proposed "ten-fold retaliation". Three nights later an air attack of unprecedented fury was unleashed on London and outlying districts.

On September 2 Bucharest was the scene of anti-Axis demonstrations, and the next day a coup was attempted by the Iron Guard. On September 4 King Carol, recognizing the inevitable, called in General Ion Antonescu to form a new cabinet. Then, having abdicated his powers to a military dictatorship, he abdicated his title to his son Michael and fled Rumania with his friend Magda Lupescu.

* * *

On September 23 a British Fleet opened fire on Dakar after General Charles de Gaulle, head of the London

OCTOBER—

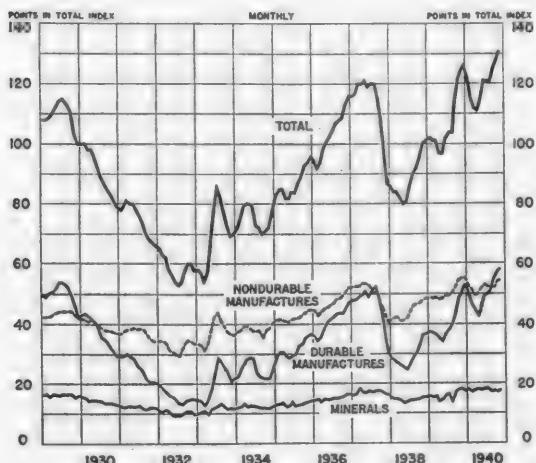


Largest October exports since 1929
Secretary Stimson draws first number in draft lottery



NOVEMBER—

Federal Reserve's industrial production index broke record at 132



Committee of "Free Frenchmen" had demanded a free landing of his forces and had been defied by the French High Commissioner.

After an engagement that lasted three days the British gave up the siege.

On September 27 Japan allied with Germany and Italy in the task of bringing a "NEW ORDER" to Europe and East Asia.

* * *

On the American front the President opened the month by calling to the colors, on September 1, 60,000 members of the National Guard for a year's active service.

The summoning of the National Guard was only the beginning. Before the latter had assembled the Burke-Wadsworth Selective Service Bill was passed, providing conscription in peacetime for the first time in the history of the nation. This measure was signed on September 16. It called for the registration of all men between the ages of 21 and 35 and for the calling up for a year's training of "not more than 900,000" annually.

Meanwhile, the President on September 3, had announced an epochal pact with the British. Under this arrangement the United States agreed to transfer to the British 50 over-age American destroyers. In return it received 99-year leases on eight shore and island bases in the Western hemisphere stretching from Newfoundland to British Guiana.

* * *

On September 6, Congress completed work on a "total defense" bill, and it received the President's signature on September 9. Two hours later the Navy Department announced awards of contracts for 200 warships. The defense bill, carrying appropriations of \$5,246,000,000, provided for the raising and equipping of an army of 1,200,000, the acquisition of 18,000 planes and the commencement of work on the proposed two-ocean navy. A start was made on financing the defense effort when an excess profits bill was passed on September 19.

* * *

President Roosevelt opened his campaign for reelection on September 11, hailing labor's gains under the New Deal and declaring he would "DO ALL I CAN TO KEEP WAR FROM THESE SHORES." In his opening campaign address Wendell Willkie declared that the President had "SCUTTLED THE LONDON ECONOMIC CONFERENCE" and "SOLD CZECHOSLOVAKIA DOWN THE RIVER."

October

EVIDENCE was laid before the British Parliament on October 18 to show that Hitler had intended to launch an all-out invasion of England by sea and parachute troops on September 16. But the loss of 185 planes in a terrific "preparatory" attack the day before, together with the steady hammering of the "invasion ports" by the R.A.F., caused the German high command to change its plans.

* * *

Italy served Greece with a three-day ultimatum; then, without even awaiting a reply, marched across the Albanian border. The campaign, Mussolini announced

to a cheering populace, "WILL BE OVER IN THREE WEEKS." There, however, as events were to prove, he was mistaken.

* * *

On October 16 the United States registered 16,000,000 of its young men for peacetime conscription.

Laying the ground for the financing of the defense effort, the President had signed the new profits tax bill earlier in the month. The schedule of excess profits taxes ranges from 25 to 50 per cent and the normal corporation income tax is raised to 20.9 per cent.

November

ON NOVEMBER 26, it was learned that the Japanese had made fresh demands on Indo-China for air and naval bases. These were said to include Saigon, only 640 miles from Singapore. Control of this base would put Japan in a position to strike hard at Britain's great Eastern naval base and to harass the latter's shipping if war should break out.

* * *

In Europe Hitler continued his attempts to bring new countries within the orbit of the Axis. On November 19 HUNGARY ANNOUNCED ITS ADHERENCE TO THE NEW ORDER, and four days later Rumania, once Britain's staunchest ally in the Balkans, went through the formal signing.

* * *

This was an unhappy month for Rumania as well as Italy. Not only was the country thus dragooned into an alliance with a hated enemy nation, in self-defense, but it was to be torn by civil war as well. On November 27 Rumanian "Iron Guardists" took revenge on former government officials who had participated in the purge of Iron Guard leader Corneliu Codreanu in 1938.

* * *

On Saturday, November 2, one of the bitterest presidential political campaigns in the United States came to an end, a campaign which saw many well-known leaders in the Democratic party throwing their support to Wendell L. Willkie, the Republican candidate, because of their opposition to A PRESIDENTIAL THIRD TERM. But the President, basing his campaign for reelection mainly on the defense emergency, was the victor in spite of this cleavage within his own party.

* * *

Industrial activity in the United States showed a further rise in November, the FRB index rising to 133. The initial effect of the election news on the markets was a drop of three points in the averages. This trend was reversed very quickly, however, when Secretary Morgenthau's request for an increase in the statutory debt limit from \$49 billions to \$60 billions, a move which was regarded as having inflationary implications.

* * *

The defense program ran into its first important labor snag on November 15, when the plant of Vultee Aircraft, Inc., employing 5,200 workers, was closed in U.A.W.-C.I.O. strike. The strike ended on November 26, but not until public opinion had been aroused.



Roosevelt reelected for third term
First serious strike at Vultee Aircraft plant, below



Germany's intensified aerial blitz over England



EUROPEAN

DECEMBER—



OPM established—members Knudsen, Hillman, Stimson and Knox

JANUARY—



INTERNATIONAL NEWS PHOTO

Senators at hearing on Lend-Lease bill
U. S. launches shipbuilding program



CUSHING

December

THE GREEK army continued to press its advantage over the Italians in early December. To make matters worse for the Italians, the British took the offensive in Egypt.

* * *

In the United States defense moved ahead. On December 14, the regular Army reserve was ordered to prepare for a call to active service.

* * *

On December 20 the President named a four-man commission to direct and speed up the nation's \$15 billion defense effort. William S. Knudsen was named chairman of the group, which was to be known as the Office of Production Management, with Sidney Hillman associate director. The other members were Secretary of War Stimson and Secretary of the Navy Knox.

* * *

On December 26 the President ordered 42,000 additional national guardsmen to active duty. Three nights later, in a fireside chat broadcast throughout the world, he charted "a program of dynamic non-belligerence" including aid to Britain and other fighting democracies.

Joseph P. Kennedy, Ambassador to England, announced that he was resigning to devote his energies at home to help the President keep us out of the war.

January, 1941

ON JANUARY 3 the President announced plans for building 200 merchant ships at a cost of \$300,000,000.

In his annual budget message, Mr. Roosevelt asked for \$17,478,000,000, of which \$10,811,000,000 was earmarked for defense, \$6,667,000,000 for non-defense.

What was to be America's answer to the problem of financing Britain's war effort after that country's rapidly dwindling resources should be exhausted was laid before Congress on January 10. Soon to become famous as the "LEASE-LEND" bill, this, the most far-reaching economic war measure yet introduced, conferred on the President almost unlimited personal authority to have manufactured or procured any war materials and to have such materials transferred to any other country "in the interest of American defense."

* * *

On January 5, in Libya, the British captured the port of Bardia, and on the 22nd took Tobruk. On January 10 German and Russian diplomatic and economic representatives signed "AN EXTENDED TRADE AGREEMENT."

* * *

On the financial side the outstanding development of the month was the presentation to Congress on January 1 of a program designed to forestall inflation during the defense boom. Underwritten unanimously by the Reserve Board, the presidents of the twelve regional reserve banks and the Federal advisory council, it called for the termination of the President's power over the dollar; ending of the Treasury's power to issue \$3,000,000,000 in greenbacks and to issue certificates against foreign silver purchases, and legislation giving the Board power to absorb a large part of existing excess reserves.

February

THE possibility of a spread of the war to the Far East increased markedly during February, which began with the signing of a Japanese-dictated armistice between Thailand and French Indo-China. On February 7 Foreign Minister Matsuoka opened a "peace conference" between the two countries in Tokyo.

* * *

The lend-lease bill was passed by the House on February 8 by a vote of 260-165. A bill providing for raising the limit of the public debt from \$49 billions to \$65 billions was signed by the President on February 19.

* * *

On February 3 the Supreme Court ruled the Wage-Hour Act constitutional, and that the Clayton and the Norris-La Guardia anti-injunction acts modified the Sherman law so that unions may not be prosecuted for conspiracy in restraint of interstate commerce.

March

THE lend-lease bill passed the Senate by a vote of 60-31 on March 6 and was passed through the House again with the Senate amendments. The President immediately signed the measure and started on its way to Britain and Greece the first consignment of materials from American stocks. Twenty-four hours later he had submitted to Congress a request for \$7,000,000,000 to implement the act.

* * *

On March 19 the President announced the appointment of an 11-man national defense mediation board. Its function was to be to mediate strikes in defense industries when so requested by the conciliation service of the Department of Labor.

* * *

Secretary Morgenthau announced on March 20 that the public would be permitted to participate in the financing of the defense effort through subscription to Defense Bonds and Stamps. It was hoped, he added, to raise between \$3 and \$4 billions this way.

* * *

Abroad, the war's spotlight swung sharply back to the Balkans. German troops entered Sofia unopposed. This was the eleventh European capital occupied since Hitler came into power in 1933.

April

ON April 6 Hitler launched a vast attack on Yugoslavia and Greece. On April 17 Berlin announced that the Yugoslav armies had laid down their arms.

In the closing week of the month the British expeditionary forces in Greece effected a successful evacuation to Crete.

April was a bad month for the allied cause in Africa also. The British lost Bengazi and Derna and Bardia.

* * *

On April 16 the Government started work for the construction in the next two years of 112 British freighters. At the same time Secretary Knox announced that British ships in need of repair would receive priority in American yards. And on the financial side, the RFC

FEBRUARY—



Phases of the war that made big headlines—the Mediterranean conflict and aid to Britain

MARCH—



We seized all Axis ships in our ports

APRIL—

The Office of Price Administration and Civilian Supply was established, headed by Leon Henderson, seated





We started to police Greenland and later Iceland

MAY—



Banks lead in the sale of Defense Bonds

JUNE—



Germany invades Russia

U. S. troops take over airplane plant in California



INTERNATIONAL NEWS PHOTO

announced that it was lending \$40 millions to the Brown and Williams Tobacco Corporation, wholly owned subsidiary of the British American Tobacco Company. The purpose was to enable the British to increase their dollar balances without disposing of their properties.

On April 25 the President announced an immediate extension of the use of United States naval patrols "as far into the seven seas as might be necessary for American interests."

On April 30 the Defense Savings Bond drive was opened by the President.

May

WAR broke out in one more area on May 2, when Iraqi soldiers opened fire on the garrison of a British airbase at Habbania, sixty-five miles west of Baghdad. A minor campaign ensued, which was terminated at the end of the month with British occupation of Baghdad.

* * *

On May 20 the Germans began a drive to dislodge the British from Crete with the most spectacular parachute attack of the war thus far.

Outnumbered by the Germans, and with Italian troops being landed at the eastern end of the island, the defenders were forced to evacuate.

* * *

The month of May produced two episodes which ranked with the most dramatic of the war. The first was the mysterious "Rudolf Hess incident"; the second was the sinking of the British battleship "Hood" and its sequel, the counter-destruction of Germany's greatest warship, the "Bismarck".

* * *

On the American "war" front it was announced on May 1 that help was to be made available to England in her pressing need for shipping by turning over 50 American tankers. On May 27 the President, in a fireside address heard all around the world, declared an "unlimited state of national emergency", thereby invoking the wartime powers of 1917.

* * *

General Motors accepted without reservation on May 16 the proposal of the Mediation Board to halt a threatened strike by granting the CIO demands for a raise of 10 cents an hour. In a vote conducted by the NLRB the CIO won an overwhelming victory over its rival AFL by gaining the right to bargain exclusively for the 80,000 workers at River Rouge. Ford thus became the last of the Big Three motor companies to submit to unionization.

June

BRITISH and Free French forces began an invasion of Syria on June 8. On June 21 Damascus fell.

Hitler said that Russia, with Britain and the United States, had sought to "throttle" Germany and that he had therefore decided to "put the fate of the German people into the hands of the army." The Finns and Rumanians were named as Germany's allies in the war on Russia, which started June 22.

On June 12 the American consul at Pernambuco reported to the State Department that the American freighter "Robin Moor" had been sunk by a German submarine.

The President ordered on June 14 the freezing of the assets of Germany and Italy in the United States, and on June 16 ordered the closing of all German consulates here. Five days later a similar order was applied to 49 consulates and seven agencies of Italy here.

The President signed on June 5 the ship-seizure bill and immediately authorized the Maritime Commission to requisition all idle shipping in the nation's harbors. Eighty-four vessels were immediately affected.

On June 9 the U. S. Army took possession of the strike-bound plant of the North American Aviation Company, Inglewood, Cal., and invited all the 12,000 workers to return.

On June 1, Chief Justice Hughes announced his retirement. The President named Harlan Fiske Stone to succeed him.

July

ON JULY 13 London and Moscow announced simultaneously the signing of a mutual aid pact against the Nazis. Syria and Lebanon went under British and Free French rule on July 15.

* * *

On July 25 Great Britain and the United States froze Japanese assets.

* * *

On July 4 the President announced that American marines had occupied Iceland.

* * *

A three months' task of writing a defense revenue bill was completed on July 23, calling for the raising of \$3,500,000,000. On July 31, Vice-president Wallace was named head of an Economic Defense Board to formulate the nation's international economic policy.

* * *

The Federal Deposit Insurance Corporation reported that although the assets of insured banks were appraised by examiners at more than 99 per cent of their book value "certain banks in the middle Atlantic States" still had too much real estate and should get rid of it.

National income was running at the record-breaking annual rate of \$88,000,000,000, nearly \$10,000,000,000 above the 1929 level. The stock market saw three one-million-share days in July, the first since December, 1940.

August

AS TENSENESS in the Far East increased, Congress extended the selective service term to two and a half years. On August 12 Marshal Pétain pledged French collaboration with the Nazis.

President Roosevelt and Prime Minister Churchill, after their unprecedented conference at sea, on August 14 issued a joint declaration of "common principles." Stalin accepted the invitation of the United States and Britain to a conference on speeding joint aid to Russia.

On August 11 President Roosevelt set up instalment credit control under the Federal Reserve.

JULY—

The *Tatuta Maru* departs. Japan doesn't get oil—
we don't get silk



AUGUST—

The caption supplied with the cartoon below reads, "You Must Hit Him Harder Than That"



The President confers with Prime Minister Churchill at sea



The Expanding Market

BANK SERVICES *How to sell them . . . what they are . . . the potential market. In this issue Milton Wright, E. S. Woolley, and Thomas H. Reed discuss the merchandising and packaging of bank services. Included in this series are several sample advertisements typical of today's trend in selling banking facilities.*

Directors Have Something

MILTON WRIGHT

On almost every bank board there are directors whose knowledge of banking is merely superficial; in some cases, even, it seems to be non-existent. The opinions of such directors on a purely banking matter may not have great value. Indeed, there are some bankers who have gone so far as to say that the whole duty of directors is not to have opinions or ideas, but to acquiesce in the commitments of the management and share the responsibility.

But the director has something that the bank needs—an intimate knowledge of merchandising and sales practices in other lines of business. He has an outside viewpoint with an inside interest. It is wholly possible that the director who knows least about banking might make the most valuable suggestion of all.

WHEN the president of an eastern bank had finished reading his report to the board of directors recently there was an uncomfortable silence. It was broken by the chairman, who said:

"Looks pretty bad, doesn't it?"

"I don't know what we could do that we haven't done," replied the president. "We've cut our expenses to the bone. The trouble is that general conditions are keeping our two main sources of income down. The demand for loans isn't present in sufficient volume, and our investments don't pay us what they should."

"Do you think we might reshuffle the investments a bit? Take fewer governments and gilt edge bonds and more of stocks that pay higher?"

"No, we have as low a ratio of prime securities as is consistent with safety. I'm as anxious as any of you to

have the bank make money, but not at the risk of weakening our position."

"Well, we've got to do something," persisted the chairman. "Has anybody any ideas?"

The newest member of the board spoke up.

"I've been with you for only a month," he said, "and I don't know much about banking, but if that question came up in my business, the answer would be plain: *Get more customers.*"

"But we already have all the money on deposit that we want," answered the president, "and there doesn't seem to be enough people to lend it to. We could find borrowers if there were borrowers to find, but conditions are such that business men are not looking for loans."

"As a merchant, I've learned that the way to get more customers and do more business is to give people what they want. Now, if people have too much money—or let's say more money than they need—what is it they want?"

"More money," laughed the chairman.

"Right! They want their money to grow. They want it managed intelligently and conscientiously, as they would like to manage it themselves if they had the time and the ability. Being bankers, you fellows are specialists in managing money. Why, then, don't you get more people to let you manage their money for them?"

"You mean trust business?"

"Sure. You already have a trust department."

"Remember there's just as much work and expense in handling a small trust as there is in a big one, but the commissions are so small that the small trust is carried at a loss. It doesn't pay us to manage a trust of less than \$100,000."

"In my business I had a very similar problem. I run an economy grocery store. My customers understand



SPECIAL CHECKING accounts for the butcher, the baker, and the Mrs. at the Central Bank of Oakland, California

that I operate on a very narrow profit margin. They know that in my store quality is high and prices are low, and that is why they like to do business with me.

"I prefer to do business on a cash and carry basis, because deliveries cost money and wipe out profits. Nevertheless, there are some good customers who want deliveries.

"I solved the problem quite easily by adding a charge of 10 cents for every delivery, which adds up to enough to pay for two delivery boys.

"You might think that the delivery charge is a bad thing for business, that people would switch their trade to a store that makes deliveries free. As a matter of fact, the effect is exactly the opposite. We go out of our way to call attention to that delivery fee.

"Now, why can't you do the same thing? Why can't you manage small trusts and charge a fee that fully compensates you?"

The answer he got was that people wouldn't pay it.

Then he really went to work on the board members. He pointed out that they were only guessing at what attitude people would take, that they didn't know because they hadn't tried to charge adequate fees. He pointed out, further, that if the bank went after people who had never placed their funds in trust before, they would find that such people were not accustomed to anything at all in the way of commissions or fees, and there were no precedents to serve as obstacles.

He finished by declaring that the psychology of the undertaking would be the same as the psychology of his fee for delivering groceries, where people paid the charge willingly.

He was so convincing that the board decided to have a thorough analysis made of the costs of trust administration. Based on this, a schedule of fees was carefully worked out. The bank then took on a limited number of

small trust accounts—there was no difficulty in getting them—and entered on a sort of trial period to see how the idea would work out. Results led the bank to adopt a policy of taking all of that class of business that it could get.

The point of this lengthy recital of the experience of this bank is not to advocate that all banks should become trust institutions and go after small trusts, but rather to call attention to the source from which the business-getting suggestion came.

In any community there probably are few men who have as wide a knowledge of business as the banker. The nature of his work has brought him into contact with enterprises of many kinds. Not only does he know the general manner in which they function, but he often is familiar with the details of their operations.

Although he may be alert to new business opportunities, it is from the banker's point of view that he sees them. He may see how his bank can benefit this man or that. He may see how his bank's operation can be adapted to meet some particular need.

All the time, however, the bank, and the way the bank does things, holds the center of his attention. Even if he knew and understood perfectly some outside operation, it would never occur to him to apply it to the bank, any more than it would occur to the storekeeper to apply a banking idea to the store.

In a bank in a capital city, for example, the board recently was discussing a transaction that had not resulted as happily as it might have. The trouble seemed to lie in a particular officer's lack of knowledge of all pertinent circumstances. They were circumstances, however, which he could not be expected to know. Nevertheless, they were known, all the time, to another officer, but he had had no occasion to speak of them.

"Do you know what we do in my department store?" asked one of the directors. "We have a daily conference of department heads. You might think that the shoe department has nothing in common with the millinery department, but you would be mistaken. Both are dealing with the same class of customers, sometimes with the identical customers. The problems that arise

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are similar, and one department head will have some information or ideas that will be helpful to the others.

"Why don't you have regular conferences like that for the department heads of the bank?"

The only reason was that they hadn't thought of it. It was an idea that might have occurred to anyone, but it took a man who was not a banker to suggest it to the bank.

The suggestions of directors possess greater value today than at any time in the past. The reason lies in the fact that banks are changing. They are doing today things they never would have thought possible a few years ago. Some of their traditional operations are curtailed. Their scope has been widened to take in other fields.

SOME time ago a country bank elected to the board a man who had retired a short while before and settled in the community. His business had been that of a director of money-raising campaigns for charitable organizations. The first meeting he attended he started something.

"Why don't you make more small loans?" he asked.

"We make a lot of them," the president replied. "The people hereabouts like us, and have no hesitation about coming in when they want to borrow a hundred dollars or so. Of course, we wish more of them would come."

"But what do you do to get business?"

"We advertise."

"Why don't you go out after it? I'd never have gone

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The
Cleveland
Trust Company

MEMBER FEDERAL
RESERVE SYSTEM

Member Federal Deposit Insurance Corporation

**INCOME
TAX BUDG-
ETING**—The
Atlantic
National
Bank of
Jackson-
ville, Flor-
ida, urges
customers
to be pre-
pared for
tax in-
creases by
systematic
savings

"Add
INCOME TAX to the budget"

A new item for many American budgets is produced by the much higher income taxes. As this message is written the new tax schedule is yet on Congress. The proposed rates will make the paying of taxes a serious problem for numerous families. Prepare for that major cash expense, due next March, by setting aside something in your bank account each payday. Start now. Your account will be welcomed here.

**The ATLANTIC
NATIONAL BANK
OF JACKSONVILLE**
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

over the top in a hospital campaign if I'd relied on advertising. We had to ring doorbells. A lot of people, you know, won't come across unless somebody asks them directly."

"But our people are farmers. We can't just go up to them and ask them to borrow from us."

"There's nothing to prevent you from using a little salesmanship. We used to go up to a man and say, 'This community certainly needs a new hospital, doesn't it?' He would agree, and we would be started towards getting a subscription from him.

"If somebody from the bank were to drop in on the farmer and say, 'That barn certainly needs a new roof, doesn't it?' the farmer would agree and a start would be made toward a loan application. And from the riding around that I've done, I should say there are plenty of barns in these parts that could do with new roofs."

The board agreed to delegate a man to go out after small loan business from farmers throughout the county and the new director agreed to give him some preliminary coaching. It has turned out to be a highly profitable activity.

ONE bank has the good fortune to have a pawnbroker on its board. This man knows at least as much about lending money as any of the bank officers, and he has made many valuable suggestions. He knows good collateral, and he knows human nature.

At the same time, he believes many people are in debt who should not be, and he is especially delighted when he can find a businesslike way of helping people straighten out their affairs. Recently he made a suggestion that a mail order campaign be conducted, suggesting to people that the bank was prepared to refinance life insurance loans at attractive interest rates.

It is all very simple. The bank needs business. There is business to be had. The director, from his intimate acquaintance with his own organization, knows where and how business can be found. Even though he knows little of banking, his information, ideas and suggestions may be invaluable.

The Services Banks Sell

E. S. WOOLLEY

The author, who is a well-known bank analyst, frequently writes for BANKING on bank management problems.

BANKING is a business that is composed of two distinct functions—the lending function and the service function. Many of the unprofitable practices in banks have grown up because of a seeming failure on the part of bankers to separate these two functions, not only on their records but also in their thinking. During the high money rate periods, it was quite possible to have the lending function absorb all, or most, of the costs of the service function. In fact anyone in the business of lending money could show a profit then.

But it is very unlikely that those days will ever return. All indications point to the truth of the statement made by the late Neville Chamberlain, Prime Minister of England, that "the world we will know when this war is over will not be the world we know today." It is always dangerous for a layman to assume the role of prophet, but there are certain straws which seem to indicate very definitely that the present trend of a decline in the earning power of money and rise in the earning power of human services will be one of the factors in the future economic world.

In the last decade bankers have become increasingly conscious of this even in the lending function. If 10 years ago anyone had said that the large metropolitan banks would have vied with one another in the use of the radio, press and other media to attract \$200 loans and small checking accounts to their institutions, he would have been voted non compos mentis.

YET this is the way that changing times creep up. Things and practices which seem impossible one day are accepted as commonplace the next. In any change that may develop in the economic system, bankers have the opportunity to take the lead. They are, or at least should be, the leaders in all financial affairs. But to be such they must keep their fingers on the pulse of public opinion so as to be able to guide that opinion into sound channels. Otherwise they have only themselves to blame if the crackpot schemes of rabble rousers rule the day.

This leadership will not be accomplished by those who feel that continuing to do things in the way "we have always done them" is the conservative policy and, therefore, they must hold to it tenaciously. It will be accomplished by bankers who recognize that the world is changing and prepare to meet those changes. They are going to inventory the services they can render in their respective communities, and then they are going to modernize the methods of their banks so that they can offer those services advantageously to the greatest number.

And there are many services that banks can perform better and cheaper than any other type of organization.



"I'm not
worth
a cent..."

So it's up to you, Dad, to open a Savings Bank account for me

If you start an account for me today and add a little to it regularly every pay-day, it won't take long before you'll have the cash to buy lots of really worthwhile things for me, such as:



The mutual
SAVINGS BANKS
of Manhattan, Bronx and Westchester

SAVING for baby's all-purpose needs is emphasized in this ad
of the mutual savings banks of New York

Even in their age-old function of lending money they have barely scratched the surface. As nearly as can be estimated there are 71 billion dollars carried in open accounts on the books of manufacturers, business and professional men. This is a sum greater than the present bank deposits at their all-time peak. Here is a real opportunity for banking.

Perhaps the case history of one small community will illustrate what the bankers in each town can accomplish along these lines if they will make the effort: A banker called a meeting of the business and professional men of his town, asking each to bring the amounts they had written off annually as uncollectable over the last five years. It was found that this loss averaged yearly almost \$250,000.

PRESUMING that these local merchants were making 10 per cent net on sales, which would be exceptionally high, it meant that they would have to sell \$2,500,000 each year just to cover the losses written off on their books for the preceding year. This was a considerable portion of the business of the town in question and, needless to say, forcibly drove home the banker's point that the bank was much better equipped to handle the credit problems of the community than was each individual merchant and professional man. It is true that the banker was merely trying to increase the personal loan department of his bank, which he succeeded in doing. But the idea is basically sound. The credit struc-

ture of this country would be in a much sounder position if the old proverb of "every man to his own last" were followed and manufacturers produced, merchants sold, and credit was extended by the banks.

Not only would the banks be rendering a real service to business and professional concerns through the practical elimination of their losses, but banks themselves would greatly reduce their own losses. As a matter of fact there is nothing so radically new in the suggestion that all credit should be handled by banks.

The expanding war industries offer banks the opportunity not only of investing funds but also of increasing the business and payrolls in their territory. Those in charge of arming America are strongly advocating the subletting of contracts among many smaller factories as a means of speeding production. These contracts are published and are readily accessible.

Field warehousing is a method by which loans against inventories can be adequately secured. While comparatively new, having started on the West Coast about 1926, there are today over 5,000 field warehouses, even though comparatively few companies are in the business. Practically anything can be field warehoused; though, naturally, merchandise subject to rapid deterioration or style changes requires a greater margin than the more permanent kind. This method of financing sometimes makes it possible to lend to concerns to whom otherwise it would be impractical to make loans.

THE opportunities to make safe and profitable loans are legion but they are only open to those bankers who explore their respective territories and meet their needs. This fact is still being demonstrated very conclusively in many communities.

The checking departments of banks offer a wonderful opportunity for the profitable selling of banking to the general public. The services of this department are absolutely essential to modern business and yet they have rarely, if ever, been sold by bankers. Even in the chance that was presented to them in the installation of the so-called service charge measures, the great

1st
FIRSt NATIONAL BANK
IN ST. LOUIS
Broadway • Locust • Olive
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Personal Loan Department

FIRST NATIONAL BANK

Worried About Money?
Perhaps We Can Help You

PERSONAL LOANS TO solve the family money problems by the First National Bank of St. Louis

China Looks to Us
Support the United Chinese
Relief Drive

Start off
ON A BUSINESS-LIKE BASIS

School's over. You'll be hunting a job, starting to work, making new contacts. You will also be making impressions on others—either good or bad. People will judge you—to name one way—

THE ATLANTIC NATIONAL BANK OF JACKSONVILLE
GENERAL, COMMERCIAL, INDUSTRIAL, & PERSONAL BANKING

CHECKING accounts for the young people are featured by The Atlantic National Bank of Jacksonville

majority of banks did not attempt to sell banking services. Rather they took an apologetic attitude.

How can satisfied customers be created by this sort of an attitude? It is just the opposite of selling. No really successful merchandising could possibly be expected from such a negative approach. The fact that it succeeded at all was not due to the efforts put forth, but in spite of them. Such success as resulted was entirely because the services are essential and no other organization supplies them.

What can be accomplished when these services are sold has been excellently demonstrated by the leaps and bounds with which the many different styles of no-minimum-balance checking accounts have grown in the last few years. Although every one of these accounts pay considerably more than any form of regular checking account analysis so far proposed, some bankers pretend to believe that these accounts are unprofitable and usually base such belief on some analysis of costs. When it is traced down, however, it is often revealed that the cost analysis to which they pin their faith was made many years before, and under distribution methods which are open to question. Results with these accounts definitely show that when banking services are marketed intelligently the public will buy.

If a bank's costs are so high that it cannot make a fair profit selling checks at five cents drawn on itself, there is something wrong with its operating system or methods. Naturally, if a bank holds to outmoded methods and refuses to find out and install modern equipment and ideas its costs are going to be high.

Present-day equipment and methods will handle routine banking services at a fraction of the costs of 20 years ago; therefore, to hold to old methods as an excuse for high selling prices is a discredit both to the bank and its management. Industry learned long ago that it must control its costs through streamlining its operations in order that it might market its goods at a reasonable price.

Also, there are different services rendered by banks as by-products of their checking departments. A night depository enables depositors, such as retail stores, which might accumulate cash after banking hours to be certain that their funds are secure from robbery. Undoubtedly this service has saved depositors many losses.

A number of banks have installed a rush-hour depository. This is a safe placed in the bank, usually a slot in the counter, which permits depositors having nothing but checks to deposit to avoid waiting in line.

The "drive-in" teller's window finds ready acceptance wherever it has been tried. This is probably because the public has been educated to curb-service and expects it. Since parking a car in the busy down-town section does present a real problem to the motorist, many banks have found that the provision of parking space adjacent to the bank is greatly appreciated. These banks have also found, though, that it is quite necessary to have an attendant on duty.

ARMORED car service is often provided for the larger companies which have large currency deposits or which still disburse payrolls in cash. This service is, of course, quite expensive and if the earnings from the account are not sufficient to warrant, the company should be charged for the service.

Credit information is another expensive service that can easily become burdensome unless it is recognized for what it is—a valuable service for which the bank should be paid in one way or another.

Banks are enabled to offer a fast and efficient collection service through their correspondents. This applies to foreign drafts and exchange, to bills-of-lading, and ordinary domestic collections. In fact, anything that is collectible can be handled by banks and often very much faster, cheaper and safer than by any other means. Where the public has been educated to this by local banks, very profitable collection departments have been built up for local items, such as rents, telephone, etc.

Has your WILL become an ANTIQUE?

NEW fast, low, new business trends, changed requirements of laws and codes, due to family requirements due to bonds, dividends or mortgages are having a great influence on the making and drafting of wills. Standard business requirements to carry the bulk of your estate for the benefit of your wife and children, and to provide for the protection of your dependents when the will has been probated, have changed and changed frequently. Please note a most interesting will of the late 1920's did not stop the "runs" of the early 1930's. Banks may have had goodwill but they certainly did not have respect.

Industrial TRUST COMPANY

With our help you can make a will now which will be valid in most states. Please consult your attorney for a more complete plan.

SERVICE—for the convenience of customers—The Fort Worth (Texas) National Bank offers to buy Defense Bonds and charge them to customers' accounts

FOR CORRECT TIME DAY OR NIGHT MAIL 2-4881

WHY NOT BUY A DEFENSE BOND EACH MONTH?

THE FORT WORTH NATIONAL BANK
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

With the contemplated rise in income taxes, people are going to find it advisable to take an estimated proportion of their tax out of each income check and deposit it in a special savings fund. If they would do this, they would have the money to pay their taxes when due and would avoid possible necessity for borrowing. Certainly the banks, by encouraging people to follow such a plan, would render a real service both to customers and to the government. This, of course, is only an adaptation of the many special purpose savings plans, such as Christmas and vacation clubs.

Safe deposit departments of banks, like many modern conveniences, are hardly appreciated in the way that they should be. Fifty years or so ago boxes, which were nothing more nor less than a heavy cardboard, cost more than the steel double-locked ones of today. In many cases this charge is less than two cents per day for a box that is fire-, burglar-, and bomb-proof.

The listing of all the various services offered by trust departments would require many pages. A comparatively new service is the "accumulation plan" whereby banks assist in building up estates by accepting regular periodic deposits from customers. The corporate field offers a broad avenue for service as registrar, transfer and paying agents. The field for future expansion of trust departments is large.

Where a bank has to be open for the special convenience of individual depositors, such as remaining open in the evenings for the purpose of cashing payroll checks, a charge should be made for such service.

TRUST services of the Industrial Trust Company of Rhode Island are obliquely advertised by calling attention to the "antiquity" of a man's will

THE days when banks felt that they were creating goodwill by giving away a lot of free services are over. This proved to be an erroneous method of goodwill building, anyway. The fact that they gave away practically everything under the sun during the late 1920's did not stop the "runs" of the early 1930's. Banks may have had goodwill but they certainly did not have respect.

There will always be some services for which banks cannot charge. For example, most bank officers spend considerable time discussing and advising with depositors on their purely personal affairs. Frequently such discussions have been valuable to the customer. These are in line with a bank's business and, therefore, are legitimate goodwill builders. But could the same thing be said of organ concerts, mint juleps, free lunches and free flowers? They are hardly related to banking and are, therefore, no part of banking services.

Know Your Market

THOMAS H. REED

Dr. REED is a widely known writer and authority on municipal government, his last work being "Municipal Management." Within the year Dr. REED has written several articles for BANKING on community planning and market analysis.

THE next time you are comfortably stretched in the barber's chair, just allow your mind to dwell on how much there is in common between barbecuing and banking. This does not arise from any pretended analogy between shaving chins and shaving notes. Along with railroads, hospitals, electric utilities and many other varied activities, barber shops and banks belong to one significant economic category—that of service enterprises.

Barber shops, like banks, have suffered from the vicissitudes of public demand. There is, in spite of the suggestions of some of the newer economists, no direct relation between whiskers and 6 per cent interest. One certainly might come back without the other. Up to a half century ago, however, whiskers were as fundamental to barber shop prosperity as "6 per cent" was to bank dividends in the late 20's. Some shops closed, never to reopen, but the barbecuing profession as a whole survived not only the disappearance of beards but the equally destructive advent of the safety razor. In other words, the barbers adjusted themselves, not without some grumbling, which is the privilege of all victims of change, but none the less effectively, to a revised popular demand.

"Adjust or die," that is the law of service enterprise.

TRADITIONALLY, banks derived their income chiefly from loan operations—more specifically, from commercial loans and discounts, mortgage loans on real estate, and underwriting of capital issues. All banks were never equally successful but on the average they subsisted very well on these sources of income as long as private enterprise continued to expand. When bankers thought of other services at all it was as competitive business-builders, not as possible sources of direct profit.

Now, however, the scene has changed, and the indications are it will remain so. Waiting for the old times to return seems to an outsider a dangerous waste of time.

Intelligent dealers in goods and services have long known that the logical preliminary to selling anything is analysis of the market in which it is to be sold. This market for the services of all but a few metropolitan banks is limited to the immediately surrounding community. Within that community, however, as Mr. Woolley's article clearly suggests, there is not one market for "bank service", but several markets for several different kinds of services. For this reason, if no other, a banker needs to be an expert in his bank's environment. He must *know his community*, the sources and amounts of its peoples' incomes, the nature and extent

First Steps in a Bank Service Market Analysis

1. List all industrial, wholesale, retail and service enterprises under subheads for each kind of commodity or services provided. (Start with classified telephone directory.)
2. Add data from your files and those of cooperating banks.
3. Obtain further data from Chamber of Commerce and credit information services.
4. Supplement by direct personal inquiries.
5. Use similar methods for doctors, lawyers and other professionals.
6. Tabulate number of persons gainfully employed in each principal occupation. (Consult census figures and city directory.)
7. Classify all individual bank customers by occupation and income.
8. Get wage rates and employment data from employers (including city, county and school authorities) and from labor organizations.
9. Make personal inquiries as to individual bank service needs—the more the better.

NOTE: Data valuable in estimating possibilities of your community may be found in U. S. documents, such as *Census of Manufactures* (biennial); *Census of Business* (1935); *Total Income Payments by States for 1937*; and in such publications as *Consumers Income and Family Budgetary Expenditures* (*Printers Ink*), and *Market Guide* (*Editor and Publisher*).

of their business enterprises. Only in this way can he perceive what services are required by different classes of people and how much they are willing to pay for them.

The first requisite of such a market analysis is an open mind. It is a search for new sources of income. It is necessary to break away from habit and tradition and look at every element in the community as potential purchasers of bank service. Only when it has been determined what each class of citizen conceivably needs should banking experience be called upon to determine whether these needs can be satisfied and at what cost.

In view of these facts, it may be helpful to suggest some of the main groups into which that public may be divided for the purpose of analyzing the markets for bank service. There are four main classes of potential bank customers in the average American community: (1) governmental, (2) commercial, (3) quasi-commercial, and (4) personal.

This bank wants to make loans to farmers

Dairy Loans
Breeder Loans
Hog Feeder Loans
Cattle Feeder Loans
Sheep Feeder Loans
Crop Production Loans
Short Term Capital Loans

The Ohio National Bank

Member Federal Reserve System
AFFILIATED WITH BANCORPORATION
Member Federal Deposit Insurance Corporation

"Our Strength—Your Protection"

FARMERS—This Ohio National Bank, Columbus, ad reflects the growing importance to banks of agricultural loans

Practically all units of government, about 170,000 of them in all, require banking services. The most important from the point of view of developing further customer relations are the units of local government which correspond most nearly with the bank's market area. The services now rendered by banks to local government are briefly as follows: (1) a place of deposit for public funds; (2) checking privileges covering, in many cases, lengthy payrolls; (3) numerous separate accounts for specific "funds"; (4) occasionally, assistance in the collection of taxes; (5) loans on short-term notes in anticipation of taxes, although the movement toward cash basis budgeting is gradually cutting down the demand for this service; (6) fiscal agent services in connection with long-term borrowing; and (7) in small places a market for local bond issues.

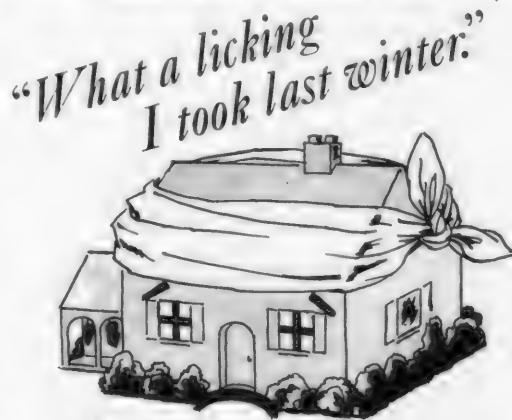
IT MAY be said safely that the opportunities for profit in connection with the last three services mentioned are already thoroughly exploited. It is conceivable, however, that local governments might be led to accept a much higher degree of cooperation from local banks in the collection of taxes and the keeping of books on terms which might be advantageous to both parties. The opportunity of paying taxes at a nearby bank at which he has other business is a great convenience to the taxpayer and relieves intolerable congestion at the tax counter in the city hall or court house.

There are no reasons, other than political, moreover, why a bank, directly or through one of its officials, cannot take over the whole responsibility of the officer known as the city or county treasurer. Many years ago, when manager of a western city, the author contracted with a local bank not only to be the depository of city funds but also to act, through its cashier, as city treasurer. In those halcyon days the bank was willing not

only to provide these services gratuitously but also to pay interest on average daily balances in the city's account. Though the shoe is now on the other foot, it would seem that there is still a practical basis on which such cooperation can be arranged. A bank which acts as a depository is already keeping books on from one to a dozen municipal "funds". Its trained accountants, without much extra expense to itself, can carry on all the bookkeeping essential to their safe custody and disbursement much better than the average elective city or county treasurer. If at the same time the bank acts as a receiver of taxes and offers a "tax club" savings plan to enable citizens to meet their tax bills promptly, it may be possible — remember that this is a suggestion for a study, not the conclusions of one—to retain tax funds long enough to be of real use to the bank as well as to derive profit from direct service charges. There are, of course, serious obstacles to such an extension of bank service to local government, but in many communities they may not prove insuperable.

THE large category of commercial customers has long been the backbone of the banking business. It is the class of customers best understood by bankers. Indeed, the well established and prosperous merchants and industrialists are very well served by banks as they are now conducted. Standard banking procedures were patterned to fit their needs. From small and struggling enterprises there rise long and bitter complaints of banking practice. Many of these complaints can be discounted as resentment over the wholly justifiable refusal of a loan, but they are sufficiently general to suggest

HOME RENOVATION—its solution has always been a headache. In Richmond the State-Planters Bank and Trust Company makes loans for badly battered houses



A house is subjected to terrific punishment during winter months. Sudden freezes, thaws, snow, ice; sleet, and many other acts of nature conspire to run a house down. Did the requirements of your home make themselves disagreeably evident last winter?

**State-Planters
BANK AND TRUST COMPANY**
RICHMOND, VIRGINIA
NINTH AND MAIN

NOW AUTOMATIC DEPOSITS...

Another New, Convenient Service
for Our Customers

THIS bank always has made a special effort to serve its customers quickly at the tellers' windows. To see that your needs are cared for in a prompt, courteous way is the aim of every one of our 36 tellers. Usually reaching the window is only a matter of seconds. Still there are rush days and rush periods in most every day.

To avoid anyone having to wait in line at such times to make a deposit, we have inaugurated an automatic deposit system. In the future special deposit envelopes will be found on the check desks. When your tellers are busy and you wish to make a deposit only, use one of these en-



**FIRST NATIONAL BANK
AND TRUST COMPANY**
OF OKLAHOMA CITY

AUTOMATIC DEPOSITS: (Page Dr. Reed!) The First National Bank and Trust Company of Oklahoma City advertises express service for customers pressed for time—they may drop their deposits in a slot

that there is a considerable sector of the business world which, if it is getting banking service, is not getting it from the banks. This is further borne out by the impressive volume of "factor" financing in certain types of enterprise.

It is important, therefore, to break down the commercial category into its elements by a variety of cross classifications. The primary division is obviously into industry, wholesale trade, retail trade, utilities, and most other service enterprises. Each of these classes should be separated into sub-classes in accordance with the nature of the commodities or services dealt with. Across these classes must run divisions into large and small, and into new and well established concerns. Finally, all businesses must be segregated by the source of their present financing. The further the analysis descends into such details of operation and finance as, for example, the time lag between completion of a product and the receipt of payment, or the rapidity of the turnover of a merchant's stock, the better. The type of market analysis suggested is equally important in determining the demand in each class of potential customers for such other services as handling payrolls, collecting accounts and discounting bills payable.

IT is important to extend not only the right kind of assistance but assistance in doing the right kind of things. For that purpose the knowledge of the community's resources and opportunities, so strongly urged in previous articles in **BANKING**, comes into play. Though no method has yet been devised for charging customers for advice, it has superior advantages as a permanent business builder.

Quasi-commercial customers are made up of: (1)

YOUR PICK OF MORTGAGE PLANS

TO ESCAPE RISING RENTS!

Reliable sources are predicting a housing shortage soon, with consequent upward trends in rentals. If you've been considering the purchase or construction of a home in order to escape the increased cost of housing, come to Industrial Trust Company for your requirements.

**Industrial
TRUST COMPANY**

MEMBER OF FEDERAL DEPOSIT INSURANCE CORPORATION



PROVIDENCE • EAST PROVIDENCE • WOONSOCKET • PAWTUCKET
PASCOE • BRISTOL • SAUGUS • NEWPORT • WESTERLY • TACOMA

HOME OWNERSHIP: With the trend toward home-buying on a "monthly payment plan" to avoid paying rent, the Industrial Trust Company of Rhode Island goes a step further and offers an "escape" from "rising rents"

professional groups such as doctors, lawyers, and engineers; (2) proprietors of small service enterprises; and (3) farmers. These classes differ a great deal in many respects but they are all alike in that their relations with banks are more or less equally divided between those of businessmen requiring services which will enable them to make money and those of individuals. These groups have been much less carefully studied by banks than have their strictly commercial customers. In their

(CONTINUED ON PAGE 86)

HOUSEHOLD APPLIANCES: Until banks recently actively entered the consumer credit field few women would have asked their banks for a loan to buy a washing machine. Now, however, they can (or could) purchase all kinds of home gadgets on a "time plan" at the Marine Trust Company, Buffalo

ENJOY THE CONVENIENCE OF THE MIDLAND TIME PLAN

... when you purchase household appliances



BANKING

Bank Merchandising Media

JOHN J. McCANN

A portfolio of specimens which illustrate the scope of the financial advertising budget and the selling techniques that account for new business gains



WANTED: More Baskets!

THIS fund needs diversification. Herr, at the Equitable, where more than 3000 estates and trusts have been administered, experienced trust men constantly keep that principle before them.

But thoughtful men and women ask: "How can you apply this principle to the employment of funds in medium-sized trust accounts?" The Equitable succeeded in seeking a solution to that problem. Today, Equitable Fund "A" and Equitable Fund "C" provide us with two methods by which even a trust of a few thousand dollars, in our care, and subject to our dis-

cretionary powers of investment, may be broadly diversified.

Our officers will be glad to outline, to you and your attorney, the ways in which Fund "A" and Fund "C" operate, as well as the safeguards and limitations surrounding them.

EQUITABLE TRUST COMPANY

NINTH AND MARKET • THIRD AND UNION
WILMINGTON, DELAWARE

The basic advertising medium in the financial portfolio is the daily and Sunday press. In 1940, total financial lineage in the 363 newspapers covered by Media Records ran 35,694,241. Several more million lines were added by the small town and country papers not included in the Media survey of 108 cities. On an average, newspaper advertising takes 50 to 75 per cent of the financial budget

NEWSPAPER



NATIONAL MAGAZINES

In the first six months of this year, 607 pages of financial advertising appeared in national magazines. Trade journal lineage increased substantially in the same period. Copy themes, in the main, were institutional, with a majority of advertisers supporting national defense

"On Active Duty"

Surely, steadily, the power of this nation to defend itself has emerged from the "preparation" stage; great planes, sturdy tanks, new warships, modern arms are pouring from the crucibles of the national effort. Less frequently headlined, but also a necessary part of our protection, are blankets, drills, tent cloth, heavy shoes and thousands of other essentials—all vital to a fully prepared, fully equipped America.

Behind this gigantic effort a great

army of credit dollars is mobilized, assuring industry of sufficient funds to meet the demands of our huge national defense program. Today, credit answers this call to service at costs to the borrower lower than ever before in the nation's history.

The Chase, in its relationships with correspondent banks throughout the country, is cooperating in vigorous measure in the financing of defense in its varied phases.

THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK

Member Federal Deposit Insurance Corporation

RADIO

The radio study in this issue indicates that 688 financial advertisers have used the medium on contracts ranging up to 15 years with expenditures from a few dollars weekly to over a half million cumulative investment. Approximately 300 banks and trust companies are on the air today



BILLBOARD

The poster medium—including 3- and 24-sheet paper and painted billboards, electrical "spectaculars" and on down the list to the local sign writer—ranks the financial advertiser among the first in point of volume

FILMS

Within the past few years banks have created an extensive film library of educational shorts. One of the new films in this category is "Song of a City," made for The Cleveland Trust Company. In color, and with orchestral music and voice, it tells the story of daily activities in the city. It will have its first public showing at the FAA convention in Cleveland



DISPLAY

The average display budget has been set between 10 and 15 per cent of the total financial expenditure. Window trims, lobby displays and exhibits, point-of-sale counter cards do an effective selling job for every institution

Leave your heirs
THE BENEFITS OF
YOUR ESTATE
not the burden
and more
BY CREATING A TRUST
FIRST NATIONAL BANK



THE TIME-CREDIT WAY TO **SOLVE**



BROCHURES

Aside from the numerous adaptations of the service booklet and other strictly business publications, banking contributes an invaluable supply of interesting reading matter devoted to general subjects. Many of these specimens are themselves a tribute to the graphic arts



September 1941

DIRECT MAIL

The rapid rise of consumer services has seen the greatest employment of letters, broadsides, booklets, folders, mail stickers and every other form of direct mail, team-up in forceful campaigns. While the investment in this medium is considerably higher per thousand circulation, net results are proportionately larger



THE NEW YORK TRUST COMPANY
100 ROCKEFELLER PLAZA

HOUSE ORGANS

The house magazine is playing an increasingly important role in public and customer relations. Formats and contents differ as widely as the printing budget. But all are devoted to maintaining human relationships

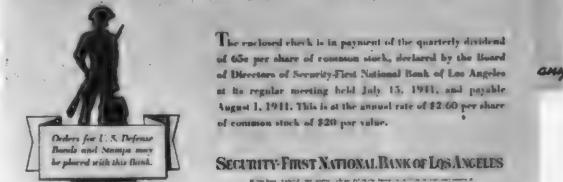
STUFFERS

The envelope stuffer is used extensively by the majority of financial advertisers. Monthly statement mailings, interest notices, dividend payments and other essential mail services encourage this simple merchandising device. It is invariably considered effective and the least costly form of direct mail



NOVELTIES

The day of the impractical novelty is passed. Now miniatures and models, jumbo buttons and other devices are given a real selling job to perform. These three-dimensional salesmen are used as reminders of almost every departmental service



ADVERTISING CHECKS

Within the past two years, the advertising or "pictorial" checks have replaced conventional forms in thousands of institutions. Departmental services, sectional history, and community industry are publicized to attract new customers.



CALENDARS AND BLOTTERS

The financial advertiser uses more calendars and blotters than any combination of other business classifications. In calendars, the historical and institutional motifs predominate, with scout and religious designs ranking second in many sections. Service reminders is the chief theme of blotters

Banking on the Air

An analysis by John J. McCann of financial broadcasting based on a canvass of 795 radio stations and experience reports received from inquiries to 688 sponsors

BUSINESS and the theater met when radio was born. Showmanship and salesmanship joined hands and literally pulled a gold mine out of the blue. Now, upon entering its third decade of advertising existence, radio may take just pride in its unprecedented achievements. With advertisers in 1940 investing more than \$200,000,000 in time and 30 per cent more for talent, the medium stands today first in the field of national entertainment and second as both an advertising and educational force.

The cash outlay of \$10 per family—lately estimated at 29,300,000—is a measure by which one might quickly appraise the value placed on it as a salesman. The 50,000,000 radio sets in homes, offices and automobiles, personal portables and receivers in public places may well indicate its vast potential audience. What radio has done for business and industry is again repeated in the experience of the financial advertisers—if on a somewhat smaller scale.

THE relative position of financial broadcasters is shown on Chart I. While personal loan companies take the lead as an individual classification, banks and trust companies far over-shadow the field. It is particularly interesting to note that the number of sponsors, beginning with cooperative banks, steps up in ratio to the number of institutions operating under the respective charters.

This is evidence that radio is equally well regarded by all classes of banks. Because this study is primarily concerned with individual experiences, the chart does not set up a classification for the six state bankers associations or the 11 clearinghouse groups reported as sponsoring various types of programs. However, a breakdown of the member banks into the classifications listed would not materially affect the picture.

The position of savings and building and loan associations is very strong. This is perhaps due largely to the emphasis placed on thrift programs at competitive interest rates and the widespread promotion which these institutions have put behind FHA loans. With but few exceptions, every radio station reporting financial activity listed one or more savings and loan associations.

Other charted classifications may seem comparatively small, but this is not necessarily an indication of their influence on the air. Morris Plan and industrial banks are a resourceful and aggressive group of advertisers. Investment houses are breaking precedence with institutional and educational programs. And insurance companies, both life and general, are by no means impotent. Being classed as national advertisers sponsoring a network program, one insurance advertiser may be the equivalent to 50 locally sponsored bank broadcasts bidding for the consumer's dollar.

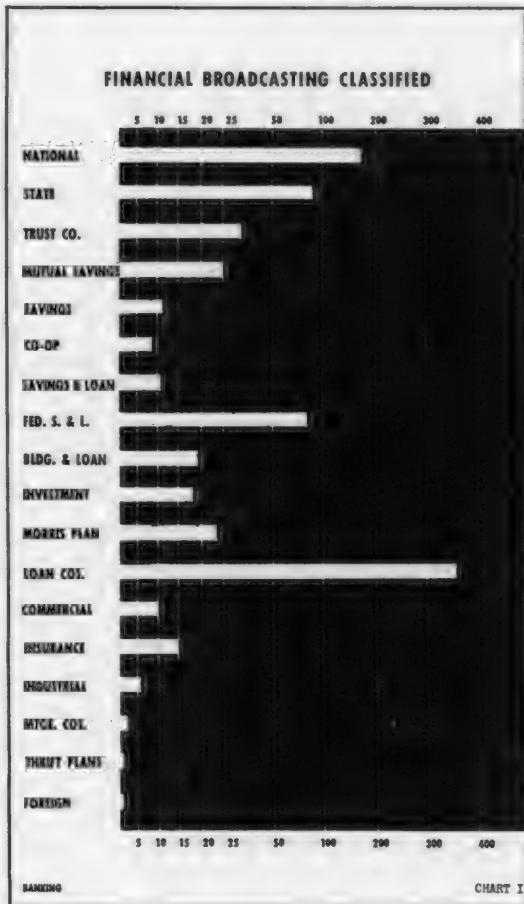
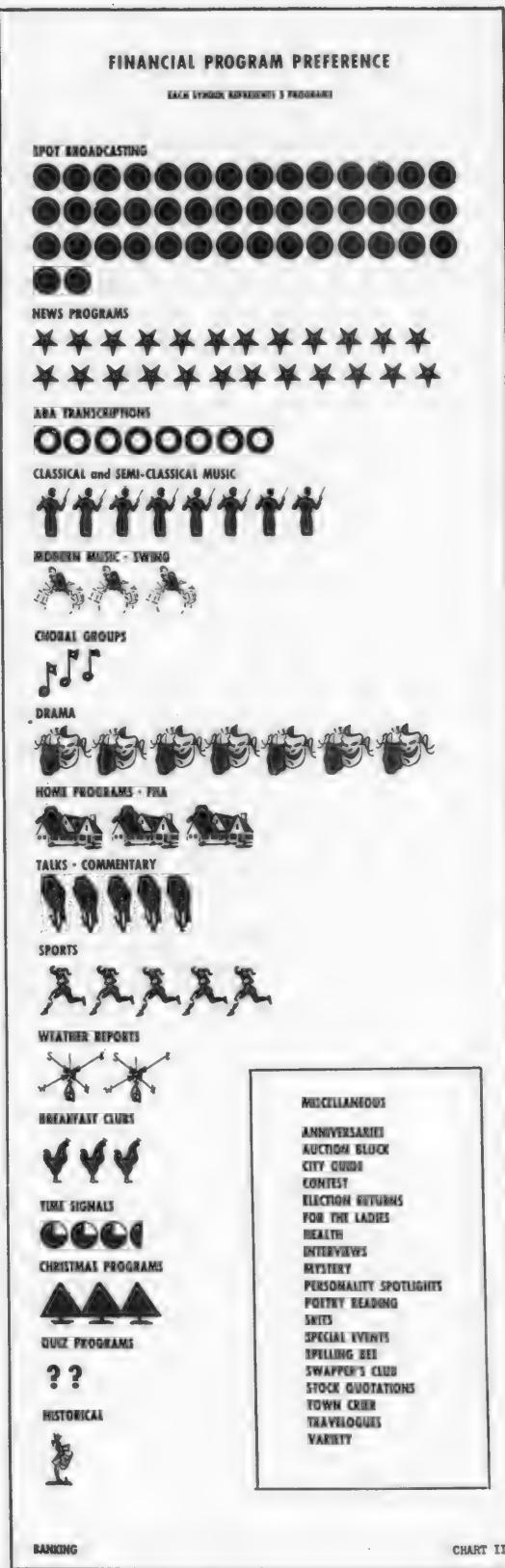


CHART I

THE building or selection of a program is very nearly the whole problem in radio advertising. Every program listed in Chart II has a definite potentiality—but not all are reported successful. In fact, experiences contradict one another in almost every group. The failure of a program is invariably laid to: local conditions of business, the weather, timing, or competition. A closer examination would, in most cases, uncover one of three things: (1) *an unsuitable program*; (2) *a good program lacking showmanship*; (3) *neglect of merchandising*. In radio, it is the program personality, not the transmitter nor the length of the broadcast, that determines program effectiveness.

Program personality results from the right combination of the elements of good broadcasting: timing, technique, and merchandising. With it a program may step into the thick of competition and win surprising returns;



without it most advertisers would say it has no place on the air.

This key to successful broadcasting is present in the spot announcement or the full hour show; it is not a matter of cost. The spot program, which predominates in the financial field and is typical of all "retail" or local advertising, achieves personality in 100 well delivered words or less. Like many other advertisers, the financial broadcaster has found the spot an inexpensive, almost sure-fire producer. Banks have used spots to merchandise every departmental service and it is found that a concentration on one service over a period is far more effective than alternate plugging of miscellaneous services. Some institutions use spots in conjunction with longer programs, others confine their efforts to one station or a network. Probably the most important endorsement of spot broadcasting is made by the Household Finance Corporation, unquestionably the best known to the radio public. This corporation reports that in its 15 years' experience on the air with various types of network shows none has matched the results achieved by local spot campaigns on the 29 stations serving the trade area of its 134 branches.

Time signals, weather reports and news flashes are not too far removed from the typical spot program; they are ready-made services for the application of a commercial. These services, usually given desirable time, interest the farmer, the commuter and the housewife.

THE present popularity of the newscast—another ready-made program—is undoubtedly stimulated by the times. Although the sponsor buys a tense, self-concerned audience, the news program is invariably first among the producing shows. The public itself indicates its preference for news personalities. Every thinking individual has located a convenient news program on his radio dial which he tunes in regularly morning, noon or night.

Of the 120 sponsors represented in this category, 80 report 15-minute news periods, 12 present 10-minute and 27 a 5-minute schedule. The majority of contracts run daily through Sunday with a special group of Sunday round-ups and reviews. Taken as a whole the news program is most desirable. Particularly in these times whenever a listener associates a banking service with items in the news, the rush is on. There are other considerations of the newscast. One bank achieves top rating for its Sunday program because the town has no Sunday newspaper. Another edits out the blood and thunder and presents "The Sunny Side of The News." Still others confine their news to the local doings of church, civic and social organizations.

Sports events rank second among the ready-made programs in point of productivity. Unique merchandising angles have been applied to sportscasting, which is essentially a form of news. The Grandstand Managers Club and similar programs that become self-appointed critics and boosters for the local professional or university team have won widespread publicity. Banks in this group follow sports from skiing to golf and do an effective job of name publicity and service selling.

Transcribed programs adapted to financial use range all the way from religious dramatizations to juvenile shows and number well over 150. Many of these have

been used successfully. The one trouble seems to be that the transcription is expected to do all the work. Selling to a local market is one thing that has rarely been wrapped in a package. Of all the transcriptions, the A.B.A. series, "Money Matters", has done the most effective job of local adaption. The 40 sponsors include several state associations and regional groups, running the number of institutions benefited into hundreds.

ASIDE from the ready-made or "canned" variety of program, there's still a tremendous field of program types presenting every known brand of entertainment. Chart II indicates the strong preference for classical music, which is sponsored invariably for institutional goodwill. Swing draws an interesting number of sponsors suggesting that the "taboo" on hot music is no longer too restrictive. Choral group sponsors are another important contributor to radio entertainment. All of these programs have definite personality.

The real test of the ingenuity of the financial broadcaster lies in his ability to build a program that meets a local situation or fits the listening habits of the particular market he selects with his time on the air. Some institutions have attracted a following with quiz tournaments, swappers clubs appealing to the inherent human trait of wanting what the other fellow has, the help-thy-neighbor type of program, or programs that capitalize on local traditions, like "Sleepy Time Down South", a rendition of folk music and poetry reading.

Programs have been developed for every class of listener. One institution reports an unusual show "For the Ladies." It makes timely use of the extensive list of interesting and important personalities visiting the community. Its commentator has made the program a club affair with various ramifications. Its choral club supplies musical programs, the hobby and handicraft clubs furnish interesting subjects for discussion. There's also a shut-in club, a visiting group and so on. Other broadcasts are successfully aimed at the rural audience, which incidentally is 90.9 per cent a radio market. Farm broadcasts, news bulletins, weather reporting, timed to the "farm" dinner hour finds a receptive audience.

All the detailed program surveys that have ever been made indicate that, taken in the mass, people tune in on programs they like and turn away to other attractions as soon as their favorite show leaves the air.

TIMING is an important element of broadcasting largely because it selects the audience. Chart III indicates how closely financial programs follow the pattern of greatest potentiality around the dial. The early morning hour is covered by musical clocks, breakfast clubs and "the rise and whine" version of morning music, good humor and commentary. News programs also open the morning hour before the workaday world settles down to its own business. From 8 to 12 noon the appeal is apparently directed to the housewife. Throughout the afternoon amid the soap operas, emotional serials and kitchen culture, financial programs also tempt the housewife. In the evening financial programs make their strongest bid in the thick of general network competition.

The length of the financial broadcast period, illustrated by Chart IV, is another relative factor in success-

FINANCIAL TIME SCHEDULE
EACH SYMBOL REPRESENTS 5 PROGRAMS

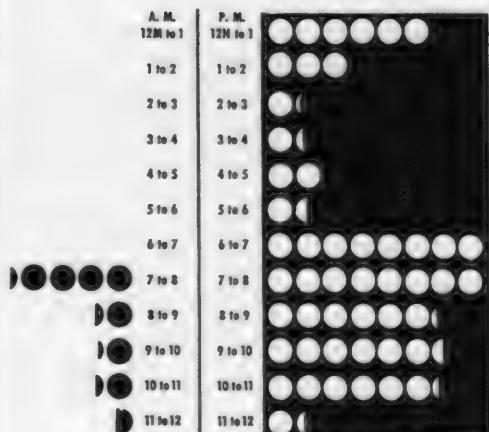


CHART III

LENGTH OF BROADCAST PERIOD

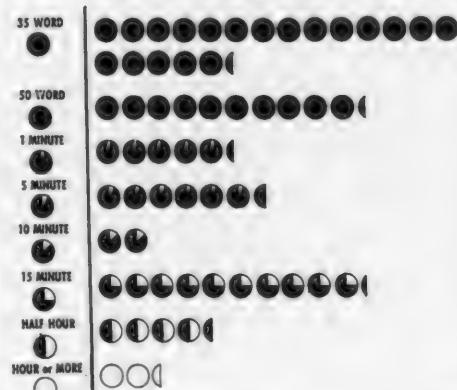


CHART IV

FINANCIAL SCHEDULE THROUGH WEEK



ful radio advertising. It is one indication of the extent of the advertising budget. Although actual costs are determined by station power and the program itself, time may be roughly estimated at 100 per cent of the costs of programs under 15 minutes duration, and time and talent divided 70 and 30 per cent on 15-minute schedules and up. Figures given by advertisers in all classifications ranges from a few dollars weekly for spot programs to accumulated expenditures of over a half million dollars on network serials. Some institutions invest up to \$30,000 annually in station time alone.

Sports and newscasting account for the majority of schedules of 15 minutes or less. Special feature programs, however, usually set 15 minutes as a minimum period. The half hour show, according to recent studies, is considered the maximum period to effect complete radio coverage. The hour show, once the dominate factor on the air, is slowly being relegated to the past. From no less an authority than Eddie Cantor comes the comment that radio has no need for the hour show.

The frequency of financial schedules is shown on Chart V. The let-down on Sunday coincides with the traditional practice of "retail" radio advertising. The rapid rise on the opening of the business week is due in part to the numerous shows that operate on a five- and six-day schedule. The intermediate fluctuations through the mid-week is caused by the special broadcasts usually pyramiding to the week-end. Like newspaper advertising, radio gathers momentum as the week draws to a close. The week-end truce is by no means an indication that the medium temporarily loses its selling power. On the contrary, there are record success stories on weekend broadcasting which lend emphasis to the fact that the local advertiser, knowing his market and its peculiar listening habits, can capitalize with the right program.

PERHAPS the most significant of all facts uncovered in this study is illustrated by Chart VI—the merchandising job turned over to radio. One point is clearly evident. The breakdown of classifications show that *radio is primarily used to promote consumer services*. Linking this with the detailed experience reports, it is found that radio does its most effective job when it is confined to one or two particular services. It produces the least visible results when devoted to "general banking" and institutional purposes.

The successful sponsor does not spare his merchandising efforts. It is all part of good showmanship to build interest in the program through other channels. Window cards, counter cards, envelope stuffers, poster stamps, house organs, program reprints, novelties—tickets to the studio, mentions in newspaper advertising, publicity—are but a few of the supporting media which can be utilized at little cost.

Merchandising should begin well in advance of the program. Follow-up should be consistent. Such efforts are not only helpful in attracting audience to the program, but are also important at the point of sale—the lobby or the departmental counter.

Fresh ideas, new treatments and intriguing devices are available to the financial advertiser.

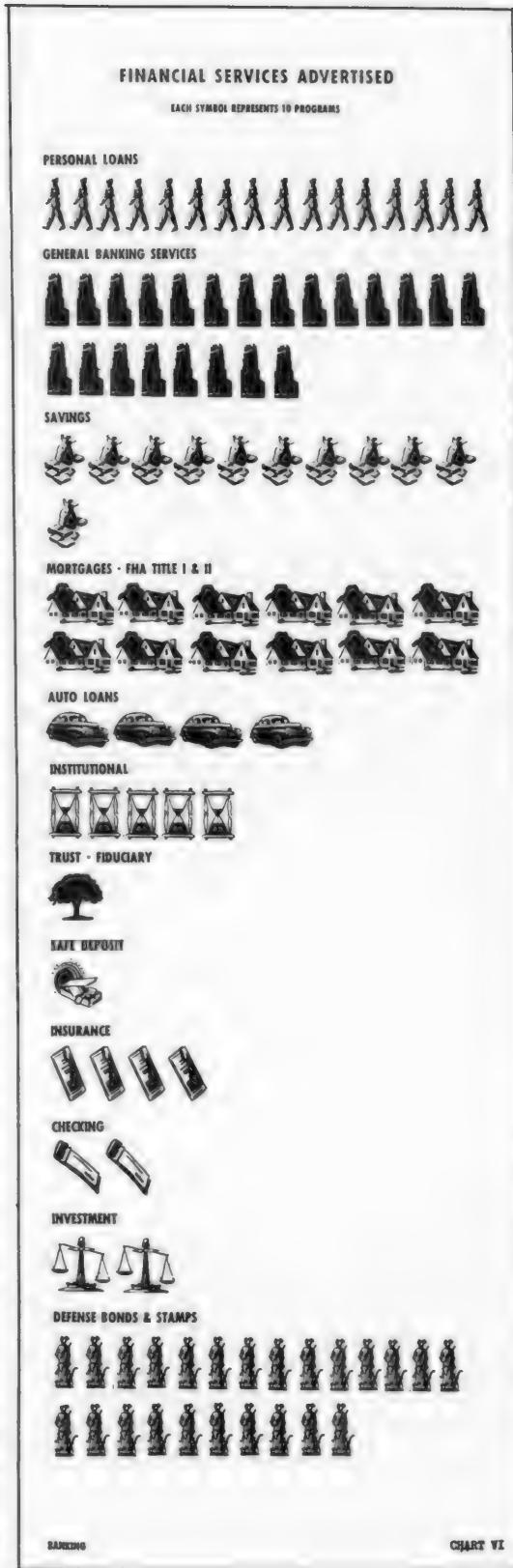


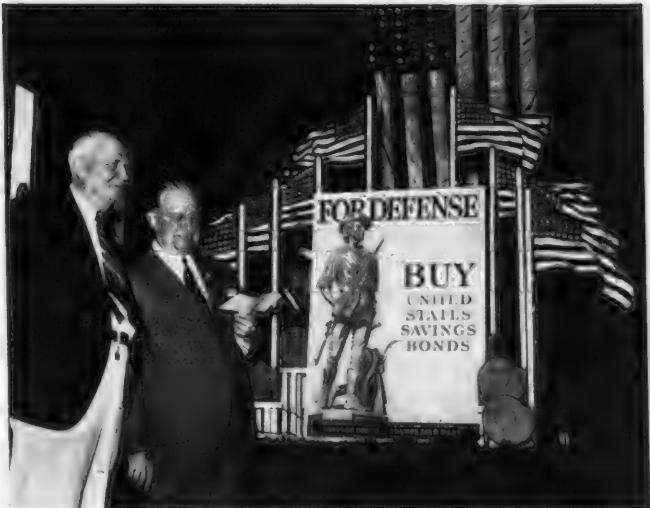
CHART VI

Now For the Second Billion

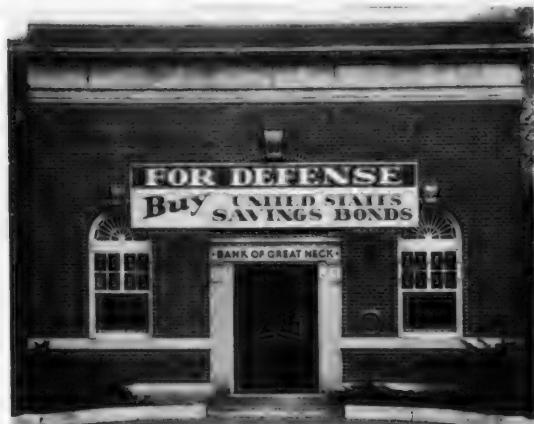
WHEN the Treasury announced that sales of Defense Savings Bonds had topped \$1,000,000,000 Secretary Morgenthau said: "The first billion has been raised the American way—by cooperation rather than compulsion. I am confident that the second billion can be raised in the same democratic way, yet still more speedily."

Here is a page of pictures showing how banks have helped in promoting the sale of the bonds through effective use of lobby, window and other advertising space. Similar picture stories appeared in the July and August issues of BANKING.

Right, R. F. Harrison, vice-president of the First Trust and Deposit Company of Syracuse, New York, explaining the defense savings plan to John W. Church, at the left, a local attorney



Above, left, a display in the window of the Hunterdon County National Bank of Flemington, New Jersey; above, right, a lobby poster in the First National Bank in St. Louis. Below, left, a front view of the Bank of Great Neck, New York, and right, a large billboard of the Union National Bank in Kansas City, Missouri



The Ad Man Blues



1. Sometimes the president of a bank will prepare his own advertising



2. Sometimes that task is delegated to a vice-president or some other competent person with a flair for advertising copy and design



3. Many banks have an individual acting in the capacity of "advertising manager"



4. At any rate, the man cursed or blessed with the job is usually youngish, level-headed, with some very good ideas



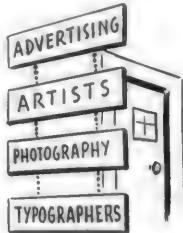
5. Let us now pity the plight of the poor ad-man



6. First, look at some of the competition he is up against



7. His newspaper advertising is competing for attention with the ads of national advertisers . . .



8. . . whose advertising is prepared by agencies staffed with clever copywriters, artists, typographers, and other craftsmen



9. Our ad-man's ads are also competing with local advertisers . . .



10. . . . who occupy so much space that the consumer must wade through reams of news print before he gets to the bank's ad



11. And lastly, but not leastly, he is competing with the ads of other banks



12. Quite some competition, all in all



13. He runs into the same obstacles in his mailing pieces and on the radio



14. Most of the best radio time, for example, is unavailable because the national advertisers have it sewed up



15. And he has a heck of a time competing with the high class talent the big boys can afford



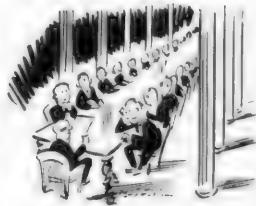
16. But competition isn't all he has to worry about. There is the matter of "collaboration"

J. WILL IRWIN and BOB KIRKPATRICK

Mr. Irwin and Mr. Kirkpatrick are on the staff of the Purse Company, Chattanooga



17. A bank ad-man is usually "collaborated with" to the nth degree



18. Unless he is a very select individual he has to get the board of directors, the president . . .



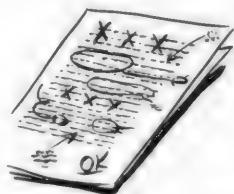
19. . . . the vice-presidents, and half the staff to mull over his general plans



20. Then he suffers rejection after rejection on some of his best laid schemes, and tries again



21. Finally, when general plans are ok'd he turns to getting individual pieces of copy approved



22. His original copy comes back to him from a long line of critics looking like this



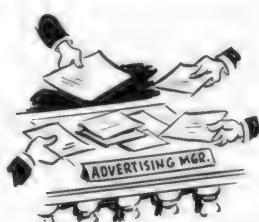
23. In the meantime, he must be mindful of clearinghouse regulations . . .



24. . . . advertising ethics . . .



25. . . . and his conscience



26. And while he is whiling away his hours at the advertising job, someone can always find extraneous things for him to do . . .



27. . . . such as writing speeches, calling on prospects, releasing stories to the newspapers and so on and so on



28. So pity the plight of the bank ad-man



29. And when you see people . . . good old borrowers and depositors, good old cash customers . . .



30. . . . coming into your bank and saying, "I saw your ad in the paper", or "I heard it on the radio", or "that folder you sent me", . . .



31. . . . think of the obstacles the ad-man had to overcome to get the customer in there



32. And thank your stars that such a type of man exists, to contribute so forcefully to the progress of your bank

中行銀備儲



THE Chinese characters spell, from right to left, "The Central Reserve Bank." They were taken from the specimens of currency reproduced above and refer to the Central Reserve Bank of China recently established by the Japanese-controlled Nanking regime. This new bank is not to be confused with the old "Central Bank of China" of the National Government established almost a decade ago, whose head office is in Chungking.

When this new bank was opened for business early this year the Japanese said it would issue its own currency and "ultimately unify" regular Chinese currency and various Japanese issues. For failing to accept the notes of the new Central Reserve Bank the Nanking regime has announced severe punishments and in the case of guilty banks, charters are to be revoked.

On these pages are a few pictures of the original Central Bank of China and its harried existence at the present time. *Right*, in a dugout during an air raid.



Below, left, the staff of the head office in Chungking filing into dugout with important papers; right, cramped quarters makes it necessary to use corridors as offices

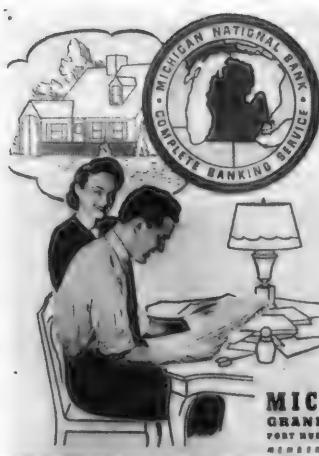


BRITISH COMBINE PHOTOS
BANKING



Above, left, the staff of the Loshan office crossing the Yangtze for refuge, and right, what is left of the Loshan office. Below, left, the members of the Hengyang office entering a shelter; right, bomb-scarred entrance to the Chungking office





**WE MAKE HOME OWNERS
Out of Idea Savers!**

Have you been saving house plans for years, set postponing the day more toward making your dreams come true? Then, you owe it to yourself to stop in at the MICHIGAN NATIONAL!

We'll explain just what the requirements are for home building or having under our loan and amortization plan up the FHA plan. We'll show you just how easy it is to be a home owner instead of an idea saver!

ASK ONE OF OUR OFFICERS!

We will see that you get friendly, competent help. Even if you know so little about home ownership, and whether you expect to buy or build, come in soon!

MICHIGAN NATIONAL BANK
GRAND RAPIDS • DAYTON CREEK • LANSING • MARSHALL
FORT BUCHON • BASIARAW • CAPITAL FUNDS... \$5,000,000 • RESOURCES in excess of \$50,000,000
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Advertising is a tried and true aid in merchandising real estate credit. The two bank ads on this page are typical of the thousands used each year. At the immediate left is a poster for the new FHA "Repair for Defense" campaign

Some Real Estate Sales Hints

THE Federal Housing Administration's "Repair for Defense" campaign, starting in September, is a timely reminder of the merchandising banks can do and are doing in connection with real estate.

Just as intelligent, constructive salesmanship is necessary to place loans for property modernization, so the jobs of finding work for mortgage money and of

selling or renting "real estate owned" are made easier by well-directed merchandising. Banks in all sections of the country have increased their loan portfolios and reduced or eliminated their realty holdings by borrowing from the salesman's technique.

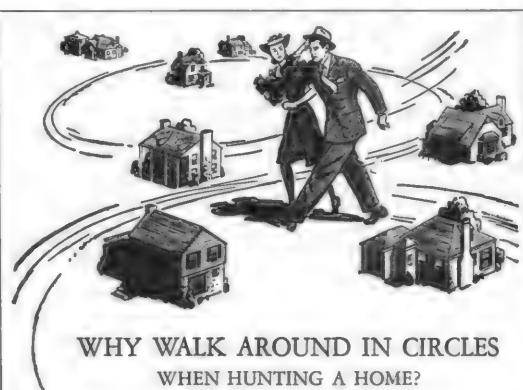
Banking institutions have advertised their readiness to lend for new roofs, new heating plants, new store fronts, new homes. They have worked with local real estate boards in the disposal of properties bequeathed by the depression. They have cooperated with contractors and materials men in modernization projects and new construction. Also, they have cooperated with each other in promoting sales.

Introducing the amortized mortgage to countless property owners, they have made many loans, especially during recent months of increasing building activity, with the aid of the common sense arguments supporting that streamlined aid to borrower and lender. That, too, has been a job aided by salesmanship.

During the last year and a half or so banks have been able to avail themselves of the facilities of the American Bankers Association's Department of Research in Mortgage and Real Estate Finance, directed by Dr. Ernest M. Fisher. Meeting with bankers in small and large groups Dr. Fisher has assisted in solving their real estate problems which in many cases have involved the application of merchandising principles.

THE extent of bank merchandising in so vast a field is obviously beyond the scope of a single article, but it is possible to cite a few examples of current efforts to sell both loans for real estate and the real estate itself.

First, because of its newness, let's have a look at the FHA's Autumn campaign. "Repair for Defense" stresses property preservation and home remodeling in some 2,000 defense areas as a means of meeting, eco-
(CONTINUED ON PAGE 57)



WHY WALK AROUND IN CIRCLES WHEN HUNTING A HOME?

Speed your search for a new home. And make sure that its financing will be inexpensive by looking only at houses which you know are being offered with low-cost mortgages.

It is easy for you to do this. Without charge, the Bowery Savings Bank will send you a list of builders in Queens and Nassau Counties who bring you modern homes with modern Bowery 4% FHA-Insured Mortgages. Low interest... no expensive renewals, refinancing or second or third mortgages... monthly payments like rent!

The list contains the locations and prices of the homes—solves a big part of your home-buying problem by directing you straight toward houses which you know can be purchased with ease, convenience and economy.

Thousands of persons have asked for this list and used it to their profit. For your copy, just send a post card to our Mortgage Loan Department at 110 East 42nd Street.

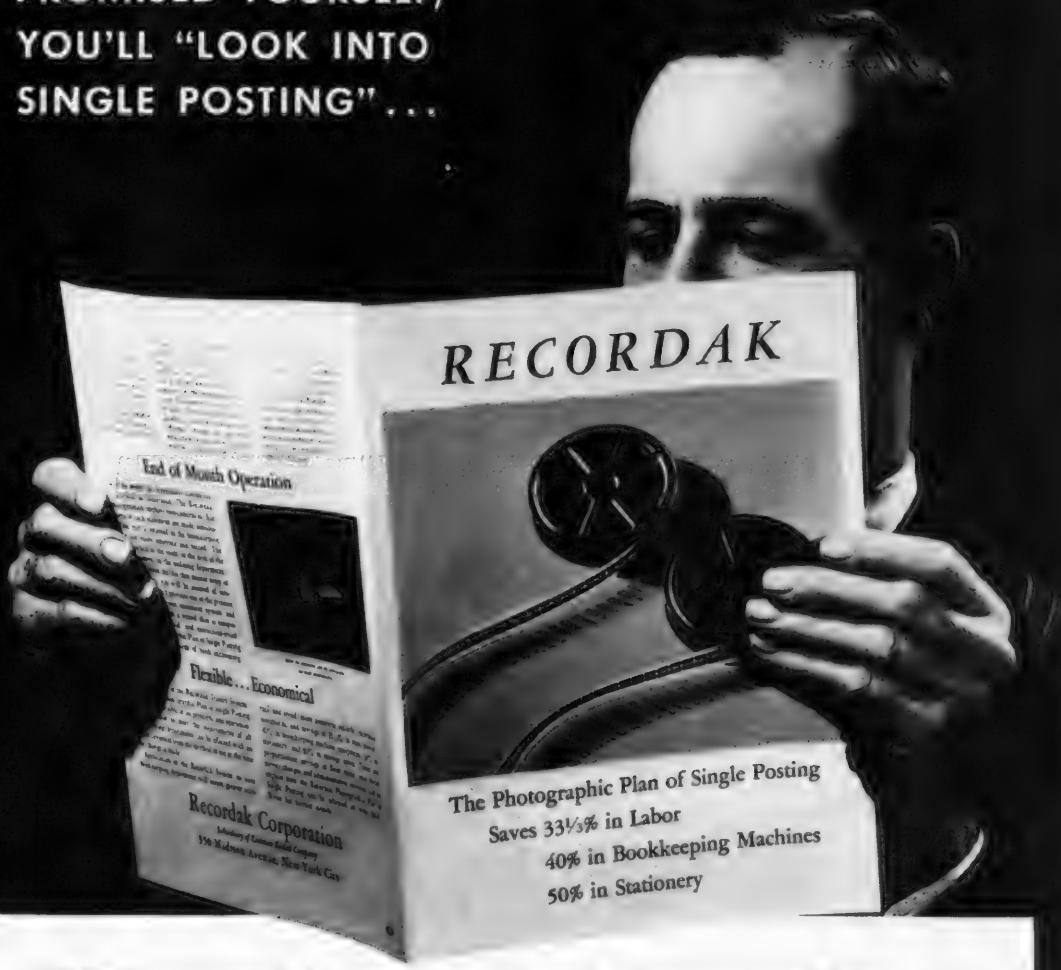
MORTGAGE LOAN DEPARTMENT

BOWERY SAVINGS BANK

110 East 42nd Street, New York

Builders: Homes carrying Bowery 4% FHA-Insured Mortgages are easier to sell. For information about these mortgages, see our Mortgage Loan Department or The Hallock Organization, 90-34-161st Street, Jamaica.

"SOME DAY," YOU HAVE PROBABLY
PROMISED YOURSELF,
YOU'LL "LOOK INTO
SINGLE POSTING" . . .



WHY continue ledger and statement—two sets of records, many laborious time-consuming posting operations, duplication of effort and expense?

When the experience of bank after bank conclusively proves that Recordak easily simplifies bookkeeping to one set of original records—with reductions up to 45% net in operation overhead . . . plus savings as high as 98% in storage space . . . plus the invaluable protection afforded by picture-perfect records of every transaction . . . in tamper-proof, extraction-

proof, substitution-proof form . . .

For specific information on Single Posting as applied to your particular institution, write to Recordak Corporation, Subsidiary of Eastman Kodak Company, 350 Madison Avenue, New York, N. Y.

• • •

Recordak is *rented*, not sold—requires no capital outlay. The rental fee includes installation and maintenance of a system individualized for your bank by Recordak's capable staff of bank-trained representatives.

RECORDAK PHOTOGRAPHIC ACCOUNTING SYSTEMS



Photographed at Naval Air Station, New York City, by Courtesy of the U. S. Navy.

Experience has made it imperative!

Every man who flies for Uncle Sam wears a parachute as required equipment. The government insists that this sensible dependable safety device be taken on every flight. Similarly, far-sighted business executives insist on La Monte Safety Papers for effective protection of their checks against the ever-present hazard of alteration and counterfeiting. Leading banks everywhere,

and the nation's great corporations, use these protective papers. The sense of security against check fraud afforded by La Monte Safety Papers is beyond evaluation. » » Your Lithographer or Printer will gladly submit samples of La Monte Safety Papers and explain how you can have your own Trade Mark or individual design incorporated in the check-paper itself.



LA MONTE *Safety* PAPER

GEORGE LA MONTE & SON
Nutley, New Jersey





To help boost "Repair for Defense" the FHA has prepared this dealers' window display. It consists of a streamer, vertical side pieces, and a poster, all printed in red, white, blue and gray

Real Estate Sales Hints

(CONTINUED FROM PAGE 54)

nominally and efficiently, the problem of providing living quarters for the workers in democracy's arsenal. This problem is complicated by the fact that *permanent* housing in many instances is impractical; when the emergency is over the need will be over.

So the FHA is promoting the idea of converting old homes into defense housing, with the aid of the 1941 amendments to the Housing Act permitting the Administration to insure modernization loans up to \$5,000 with a five-year liquidation period on properties housing two or more families. Previously the maximum loan was \$2,500 for three years.

The new program, aimed exclusively at defense production areas, seeks to encourage the conversion of old dwellings into multiple family units. Extensive use will be made of the slogan "Defense Calls for Home Repairs." Financial institutions, builders, contractors, manufacturers, dealers and all who are interested in real estate are being asked to cooperate in spreading this theme through local and national advertising. All who participate can get educational material supplied free by the FHA. Some of it is illustrated elsewhere in this article.

Referring to this campaign as an opportunity not only for banks to expand or revive their Title I activities, but also to assume leadership in a community undertaking, one staunch supporter of FHA said:

"Why isn't the banker the logical person to go to the mayor, the local real estate board, the chamber of commerce, and other individuals and organizations interested in a town's welfare, with the suggestion that 'Repair for Defense' be made a cooperative enterprise?

"He can point out that overbuilding is dangerous because of its inevitable aftermaths, and that this is particularly true at a time of great uncertainty. Also, he can emphasize the extent to which community decentralization can drain taxes out of a town, the alternative being to keep them within the corporate limits by making it attractive for people to live in up-to-date old houses.

Another point, of course, is that well-planned, well-executed modernization maintains property values, a problem that confronts countless communities.

"In other words, the banker can soundly argue that the best method of creating new housing facilities today is through modernization.

"Such a method of approach to Title I loan expansion has a number of collateral advantages to the bank. For one thing, the participation of bankers would mean that modernization plans would be held within reasonable, legitimate bounds. For another, the bank would assume a prominent position of leadership at a time when able, cool-headed leadership is essential. Frankly, the public relations value of banker-lead cooperative modernization should be considerable.

"And finally the banks would be doing a bit of constructive merchandising that would help the town."

As for the advertising that inevitably goes with the promotion of modernization service, a man widely experienced in handling Title I credits observes that it's virtually useless just to "run an ad."

"The advertisement," he explains, "must not only appear in the paper but it must be called to the attention of the dealers—reputable, experienced dealers, of course. They are the primary source of the modernization loan business, and their assistance is vital."

"For the best results, I'd say let bankers and dealers cooperate and advertise simultaneously."

Some banks help contractors get modernization work by inducing them to persuade customers to seek FHA improvement loans. An example of promotion along this line is provided by the Rutherford (New Jersey) National Bank which addressed a series of newspaper advertisements to contractors in its territory, supplementing a similar series of FHA loan ads directed to property owners. The bank also sent a form letter and a special circular to contractors in such lines as carpentry, roofing, plumbing, painting, electrical equipment, masonry, plastering, decorating and landscaping. Enclosed was another letter for the contractor to send his customer, telling how home repair, improvement or modernization could be financed at the bank.

FHA
IMPROVEMENT LOANS



ATTENTION!

ROOFERS — PAINTERS — PLUMBERS

And All Other Building Contractors

Consult the Rutherford National Bank for particulars regarding our Federal Housing Administration Improvement Loan Plan, which will enable your customer to pay you **QUICK CASH** for any modernization or repair work you do on their property, and have up to 36 months in which to repay the loan in monthly installments.

Call, write or telephone for circular describing this plan which helps both you and the homeowner for whom you work.

RUTHERFORD NATIONAL BANK

Rutherford: 24 Park Avenue
Lodi: 301 Ridge Road and
301 Bayonet Avenue

East Rutherford: 211 Paterson Avenue
Cortlandt: 322 Blacksmith Street

Member Federal Reserve System
Member of the Federal Deposit Insurance Corporation

ANNOUNCING
the opening of
THE HOME OWNERS' LIBRARY AND SERVICE BUREAU

Unique new department of ROCHESTER SAVINGS BANK



This Department has been organized by the ROCHESTER SAVINGS BANK to help you solve your building and remodeling problems. Here is one place where you can read about and actually see what you are going to get for your money.

Here are fascinating scrap books, magazines, scientific color books, actual supplies, materials and devices, an exhibit of constructed materials and methods. A special attraction is a model house (full size) constructed right in this new Department. Designed by Architects' Certified Homes Association it embodies the latest in home design and materials.

You are invited to come in, read, study, browse, see and handle the products of America's best designers and manufacturers of supplies that make modern homes so delightful. At your request you will receive advice or service in planning, buying or financing your home or modernization.

Your use of THE HOME OWNERS' LIBRARY AND SERVICE BUREAU is free and without obligation. It is open week days from 9 A. M. to 5 P. M. and Saturday 9 A. M. to 12:00 noon.



The women will enjoy serving this function in a different, more comfortable environment. There are four types of cubicles.



Here are two examples of bank cooperation with other agencies in the interests of real estate. The Rutherford ad talks directly to the contractors. The Rochester ad (reproduced in part) aims at the home owner for whose benefit the bank, material men and supply houses have instituted this new service

The institution likewise prepared a list of properties needing repair, with a view to suggesting to the owners the possibility of a loan. Contractors were told about these prospects.

An interesting experiment in banker-dealer promotion was conducted recently by the Manufacturers-Central National Bank of Lynn, Massachusetts. A series of six four-page letters featuring FHA building and modernization loans was addressed monthly to 1,000 prospective home builders and buyers. The first page of the mailing piece carried a letter from the bank, while the inside spread and back page carried eight dealer advertisements tying-in with the four-color illustrations of new homes and room modernizations. Each advertiser paid a pro-rata cost of the mailing piece.

The bank would not hazard a guess as to what percentage of the \$500,000 in loans made in the period of the mailings should be attributed to the campaign, but reported that a definite number of mortgages were traceable. A check with the dealers brought out that although none made any special effort to record results, all felt new business had developed. Among the advertisers were the local power and light company, an air-conditioning and furnace dealer, floor covering, furniture, roofer, appliance and paint dealers.

ONE of the most important and successful efforts at selling bank real estate has been the Certified Real Estate Mart set up last Spring at Springfield, Massachusetts, at the suggestion of Dr. Ernest M. Fisher, Director of Research in Mortgage and Real Estate Finance, American Bankers Association.

The Mart, described in the April issue of *BANKING*, has as its purpose the *promotion* of the sale of real estate rather than the actual sale. Readers will remember that

this cooperative enterprise of savings banks utilizes the services of five qualified certifiers who independently inspect and price properties listed with the Mart by its member banks which then decide whether they want to sell at the figure arrived at by the experts.

The plan has worked so well that the Mart may end its activities with the close of the coming Autumn selling season. Up to August 1, the board of certifiers had certified 196 properties as to price; 110 of these parcels had been listed for sale through the Mart, and actual sales consummated on 87 properties.

Alfred H. Hastings, president of the Springfield Institution for Savings and chairman of the Mart's board of governors, informs *BANKING* that members of the Mart definitely feel that its operations have not only resulted in the sale of property through the Mart itself, but that it has greatly stimulated the sale of other bank properties in the Springfield district.

"It has demonstrated," says Mr. Hastings, "that if real estate is realistically priced, sales will result."

The record of sales as evidenced by deeds recorded from savings banks in Hampden County, Massachusetts, which includes Springfield, is impressive, bearing out the belief that sales by the Mart have helped boost disposal of other bank properties; Savings banks in the county made the following sales record:

	1940	1941
March	41 sales	122 sales
April	51 "	163 "
May	62 "	145 "
June	48 "	153 "

Sales in other counties during 1941 were somewhat larger than in 1940, but there has been no such increase as occurred in Hampden County, Mr. Hastings asserts.

Home Buyers' Guide

Home builders in the Syracuse (New York) area have the ONONDAGA COUNTY SAVINGS BANK to thank for one of the most comprehensive guide books yet published. This manual in miniature is titled "63 Pointers for Home Buyers." From helping the individual make up his mind whether he can afford to own a home to last second details on choosing location, room planning, financing, etc., the manual double-checks every important step for insuring a successful investment. The book cautions that the "perfect" home has never been built, but adds that the points outlined may well eliminate the usual disappointments.

For protection, the book also advises the individual to consult his architect. The bank sells the books for 10 cents per copy.

"At the present time," he says, "the residential properties held by savings banks have been so reduced that the Mart now finds its members with comparatively few houses to sell."

Here is a striking example of the application of proper and aggressive merchandising to the sale of bank-owned real estate. New houses, as everybody knows, are energetically and smartly merchandised; used houses get much less attention. The Springfield bankers have demonstrated that to sell second-hand houses one must first be certain that the merchandise is right; second, that the price is right (and this includes terms); third, prospective buyers must be convinced that the combination of good merchandise and the right price merit their becoming home owners.

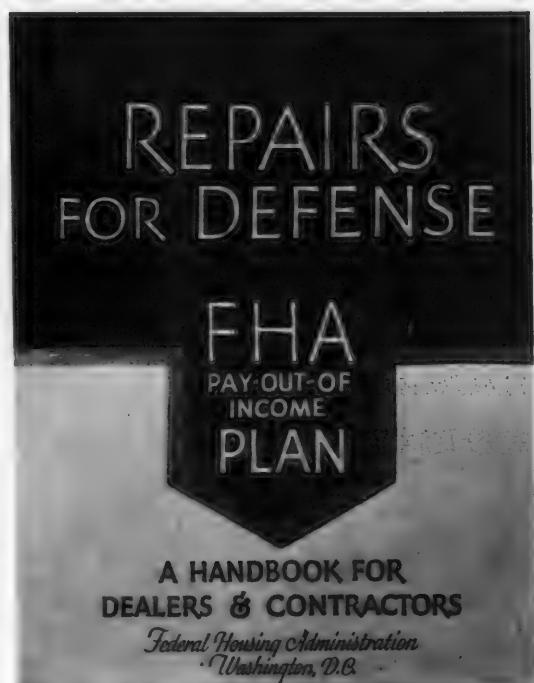
Many banks actively merchandise amortized mortgages

Home Owning
Has Been Revolutionized
in recent years by mortgage loans which eliminate any need of expensive renewals and provide for monthly payments, much like rent.

DAUPHIN DEPOSIT has been a leader locally in this kind of financing ever since it was introduced by the Federal Housing Administration. If you plan to buy or build a home of your own, our experience will help you to complete your financial arrangements quickly and on the most helpful basis.

U. S. Defense Savings Bonds
(Series E) for sale here

Dauphin Deposit Trust Company
MEMBER FEDERAL RESERVE SYSTEM
Harrisburg, Pa.
OVER A CENTURY OF SAFETY AND SERVICE



Cover page of the FHA dealer guide describing the "Repair for Defense" program and suggesting ways to profit by the "pay out of income" terms

THE other day an unusual, if not unique, approach to bank real estate matters came to BANKING's attention.

It was the story of the opening of a home owners' library and service bureau in the Rochester (New York) Savings Bank. This is the bank that helps itself get mortgage loans by helping contractors sell houses, an achievement realized through bank-sponsored advertisements of new houses.

This new service department, it seems, was organized to aid the home owner, present and prospective, in solving his building and remodeling problems.

"Here is one place," he was told in the first announcement, "where you can read about and actually see what you are going to get for your money."

"Here are fascinating scrapbooks, magazines, scientific color books, actual supplies, materials and devices, an exhibit of construction materials and methods.

"A special attraction is a model house (full size) constructed right in this new department. Designed by Architects' Certified Homes Association it embodies the latest in home design and materials."

The home owner is invited to "come in, read, study, browse, see and handle the products of America's best designers and manufacturers of supplies that make modern homes so delightful." And the owner, if he requests it, will receive advice or service in planning, buying or financing his home or his modernization project.

The department was made possible by the cooperations and contributions of 47 manufacturers and supply houses.



Every concern is always confronted with this danger

Suppose you had a fire in your store today—one that ruined certain equipment and destroyed stock vital to the operation of the business.



*Ask yourself
these questions*

How much time would elapse before the building you occupy could be restored, or equally profitable quarters be found elsewhere?

How long would it take to replace your stock and equipment? While your normal business was interrupted, how much would you have to pay to hold key men and trained sales force? And, could you hold them? How would you

meet fixed charges, taxes and other continuing expenses?

Important always, these questions take on a tremendous new meaning today. They make the subject of adequate protection against such contingencies of more than ordinary importance.

*Don't carry this
heavy load*



There is a sound way to avoid these losses—through Business Interruption Insurance. For a premium, small compared to the productive value of your store, you can protect company, workers, stockholders. More businesses

now than ever are buying such insurance against the crippling losses that may follow fire, explosion, riot and other causes.

Call Western Union

—in Canada call Canadian National Telegraphs—and ask for the name and address of the nearest Hartford agent. He knows how to analyze all your risks and plan an insurance program for maximum protection. Get in touch with him today—or talk to your own broker.

*Ever since 1810,
"Hartford" on a policy
has meant a sure
promise to pay
losses.*



Hartford Fire Insurance Company

Hartford Accident and Indemnity Company

HARTFORD, CONNECTICUT

THE TWO HARTFORDS WRITE PRACTICALLY EVERY FORM OF INSURANCE EXCEPT LIFE

Bank Windows That Sell

Recently BANKING mailed a questionnaire to a cross-section of banks, requesting information on current window display practices. The findings of this survey, supplemented by practical suggestions for window display advertising are described below.

The purpose has been to determine the extent to which banks are capitalizing on this advertising medium; to discuss briefly some of the problems encountered in financial window display advertising; and to offer specific suggestions for using this medium and improving display technique.

FIIFTY PER CENT of the banks returning the questionnaire report having window display space and the use of this space to sell bank's services. About 30 per cent have space which could be used for display purposes but no displays are used. Twenty per cent report having no available window space.

Of the banks using window displays, 80 per cent devote 75 per cent of the display appropriation to displays specifically selling the banks' services; the remaining 25 per cent is devoted to institutional and good will advertising.

Ten per cent maintain their own display departments in which original display ideas are originated. Twenty per cent use the services of commercial display companies and only 5 per cent report using syndicated displays. The majority of the 20 per cent using the services of commercial display concerns are located in cities of over 75,000 population. This might be explained by pointing out that commercial display opportunities in small towns, especially under 25,000, are definitely limited and as a result of this condition, there are few concerns of that type.

Ninety-one per cent of all banks returning questionnaires are of the opinion that window displays create good will. About 85 per cent report that window displays produce new business, approximately 96 per cent feel that the cost of window display advertising is justified.

Over 75 per cent agree that window displays give the bank using them a competitive advantage over other banks not using them.

THE survey indicates that the three chief deterrents to banks' greater use of window display advertising are: (1) lack of space; (2) lack of ideas; (3) lack of someone within the bank with the necessary training and the time to devote to originating and installing window displays.

Some other deterrents to window display advertising were: "high cost of suitable material coupled with the fact that banks have no special sales or new styles, and that bank services remain fairly constant", . . . "some of our officers feel that displays are not dignified", . . . "cluttering up the windows is like wearing several badges on your lapel", . . . "the bank does no advertising of any nature", . . . "internal opinions based on prejudices."

"If We Had the Ideas . . ."

A Western bank reported, "Years ago we had a young man who did a good job of display advertising. Since he left, the window has taken care of itself with only a few decent displays. We tried to borrow from a correspondent bank in a near-by city, but this did not work. We tried syndicated news pictures but they looked too much like a near-by barber shop window. We have no one with enough imagination to develop a good display and then go ahead with it. The window is in a good location, not enclosed from the interior of the bank room and subject to dust. We would spend some money on it if we had the ideas."

From a banking institution in the South: "We have only one window and the demand from our own departments, from customers and civic institutions keeps it booked up a year in advance."

From a mid-western bank: "Our six show windows have an annual pedestrian traffic circulation of 33 million."

From a bank promoting personal loans: "A poll of our applicants for personal loans indicates that quite a number have been attracted to us by this medium."

An Eastern bank reports: "Compared with other advertising media, a check reveals equal or better dollar return. About eight per cent of our advertising appropriation is spent for window displays".

Another Eastern bank writes: "Believe we would be interested in window display advertising if presented with a service of good appeal and not exorbitant in price".

THE purpose of bank window display advertising is to bring the bank's message to potential customers at the point where the customer can make immediate and direct contact with the institution. It tells passers-by what services the bank offers and how to use them. It drives these points home by repeat impressions, and like other advertising media its value is based on circulation. This means simply that the more people passing a show window each day, the more valuable the show window becomes as an advertising medium. The bank usually selects its location because it wishes to be accessible to the greatest number of prospects. The more pedestrian circulation, usually the more valuable the location. Under these conditions, and since they are paying for the circulation, it is hard to understand why so few financial institutions capitalize, through window display advertising, on the potential new business prospects passing daily. The architecture of some bank buildings is partially responsible for this situation. Too often bank buildings resemble Greek and Roman temples, and too seldom, until recently, have they been designed to per-



Description: Photo enlargement of prize-winning cow or herd. Show actual blue ribbon which can be borrowed from owner. Painted milk can lettered: "Nelson County is first in Dairy Production." Across the bottom show a strip of photos illustrating other prize winners or the dairy farms themselves. County or grange officials can generally obtain this material for the bank.

Copy: EMPLOYMENT AND PROFITS IN NELSON COUNTY DEPEND A GREAT DEAL ON THE DAIRY INDUSTRY. THIS INDUSTRY IS ONE OF MANY BEING HELPED BY THIS BANK.

mit the more efficient performance of the various business functions, including that of acquainting the public at the point of contact, with what the bank has for sale.

THE value of window display advertising is influenced by such factors as the weather, seasons, population types, age, etc. When properly understood and interpreted, these factors govern window display appeals. For example, if a bank is in a neighborhood where wage earners predominate, it is likely to benefit from displays featuring savings accounts or personal loans.

Window displays have an advantage over other forms of advertising—newspapers, radio, direct mail—in that they reach the consumers of the bank's services at the point where these services can be obtained.

The aims and purposes of window display advertising are manifold. BANKING'S survey indicates that it is being used increasingly as a direct selling force—or, to put it differently, financial window displays are now placing the emphasis more on merchandising the bank's services and less on institutional angles.

It is helpful to know that regardless of a show window's shape or size, it is always possible, with ingenuity and imagination, to install compelling displays; a New York savings bank, for instance, has a miniature show window in which it sets displays done on a miniature scale.

There are four essential types of financial window displays: First, the ordinary display consisting of a poster or a printed announcement; this has the least value of all types; second, the institutional display which extols the bank's longevity or achievements but which has

secondary value as a selling medium; third, the cooperative or good will type which, especially in the case of commercial banks, features a customer's or a locality's products or production practices; this type has attention value and often creates good will, sometimes new business. Finally, there is the dramatized or dynamic window display which seeks to promote directly the bank's services. This type makes a definite impression on the passer-by and creates the vital impulses that make customers out of pedestrians.

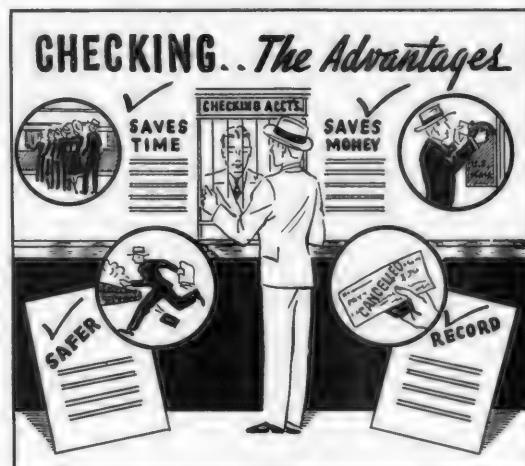
CONTRARY to general belief, successful dramatic displays need not be created by experts; an untrained bank executive with some imagination and a sound, basic understanding of his institution's functions and its services can create dramatic displays that pull new business. Neither is it necessary, for smaller banks particularly, to spend large sums on window displays in order to make them dynamic.

The formula for successful financial window display advertising is simple enough, and can be profitable, as many banks have found out by observing certain rules:

1. The show window should be spotlessly clean with the interior well-lighted. A partially lighted window shows neglect and reflects unfavorably on the institution's conduct of business.

2. The display must be interesting and as true to life as possible. The public must never be kidded or high-hatted either directly or by inference.

(CONTINUED ON PAGE 64)



Description: Center figure to be a photographic enlargement of customer at teller's window. Illustrations in circles can be photos or drawings on transparent paper and lighted from behind. Flasher buttons can be used to give motion.

Copy: **SAVES TIME:** A checking account eliminates the nuisance of making special trips and waiting in line to pay bills.

SAFER: Your money is always in the bank, thus eliminating risk of loss or theft . . . yet always available!

SAVES MONEY: Cheaper than money orders—only so much a check! In addition you save carfare by mailing all payments.

PROVIDES A RECORD: Check-book stubs are an accurate record of your expenses.

"It's reading, 'riting and
'ithmetic all at once!"

—says the Little-Man-Who-Wants-to-Know



• "Exactly! This NATIONAL Transit Letter-Writing Machine is a typewriter and an adding machine, and its operator can read every line while he is listing it. We use it to do three important jobs all at once."

- "Sounds like an All-American candidate."
- "It's our choice, all right. It lists and accumulates check amounts, writes the bank and state or city numbers, and writes the last endorser's name or number. And it produces any kind of transit letter we want, with total amount printed automatically in red when cleared."
- "Does it take three special operators?"
- "Certainly not! Any one who knows standard typewriter and standard adding machine keyboards can operate it."
- "Handy thing to have around, eh?"

• "Handy! It saves us money, time and trouble. Particularly important now, with the wage-hour regulations. And its operation is very easy, very fast, and accurate. And then, of course, we can use it for all types of listing work."

"If you'd like to know the whole story, ring up the nearest NATIONAL office and ask for a demonstration. Call them today."

COPYRIGHT 1941, THE NATIONAL CASH REGISTER COMPANY



BANK WINDOWS THAT SELL—Continued

3. A window display should have either of these purposes: to sell the bank's services directly or to promote good will. It is an investment by the bank and therefore should pay a return. If this return is not realized immediately, the bank should not be discouraged for, unlike store displays designed to create desires, the financial display is designed to arouse a sense of need.

4. Banks that can afford the expense should give their displays a professional touch. This can be done at reasonably low cost by using the services of a capable display man or a commercial sign company. These individuals are trained to take a basic selling idea and to dress it up so that it can be presented dramatically.

5. Photographs should be used where possible for they give the bank the opportunity to reflect the types of people it does business with and to interest parallel types that pass the show window, i.e.: a savings bank in an office district would probably get better results by showing white-collar types of men and women, than by featuring photos of mechanics and laborers.

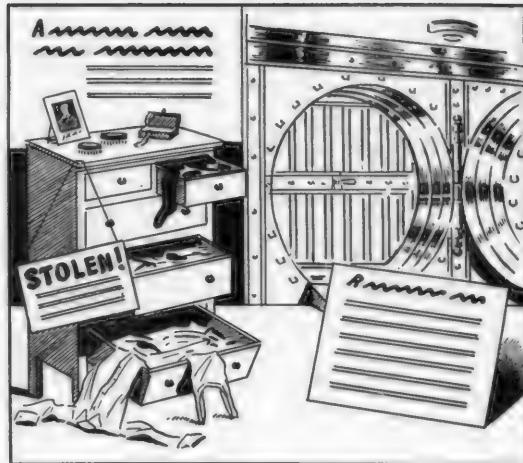
6. It is advisable to stay away from purely "clever" displays which may attract attention and please the so-called experts. Such displays may earn a reputation for cleverness for the person who creates them, but generally they do not sell, and often their themes are entirely irrelevant to the services featured.

Description: Spots on which people are standing are to be cut out of background and covered with red transparent paper. Place lights behind each red spot and add motion by using flasher buttons in light sockets. Select photos of man and woman from stock photo service choosing those that bear resemblance to types of borrowers bank wishes to attract.

Copy: LOANS ON INCOME: Your income, plus your ability to repay are the only security required on this type of loan.

LOANS ON FURNITURE: Furniture in good condition is the chief collateral required in this type of loan. Your ability and willingness to repay are the only other requirements.

LOANS ON AUTOMOBILES: You can borrow up to 75 per cent of the value of your car. Long terms, easy re-payment plan.



Description: Borrow a dresser from a local furniture store. Open drawers and show them ransacked. Let some articles overflow onto floor. Place sign on the dresser:

Copy:

STOLEN!
From Mr. I. M. Negligent

Jewelry valued at \$2500 and \$155 in cash . . . because of negligence in protecting these valuables by placing them in a Blankville National Bank Safe Deposit Box.

On the other half of display show a photographic enlargement of entrance to bank's safe deposit department. Place sign in front of photo with the following copy:

For \$3.50 a year, the rental charge on a Blankville National Bank Safe Deposit Box, Mr. Negligent could have saved \$2655.00. Ask for particulars.

7. Displays should be designed with the consumer in mind.

8. It is important to time each display so that it fits the season or the occasion. In northern states, for example, there is less home financing activity during the Winter. It is therefore more profitable to wait until early Spring and Summer to install displays featuring mortgage loans.

9. The window display budget, like budgets for newspaper or radio advertising, should be based on a plan. This should indicate clearly what the display program will be, what the cost will be and reasons why this program may be expected to increase new business. This procedure has the double advantage of acquainting the bank's management with all details and orienting the display program over a period of time.

10. Bank management should beware of being lulled into a sense of false accomplishment by complimentary remarks of a general nature on the institution's window displays. These are encouraging, but the final indicator of success is the new business obtained.

11. The merchandising principles of newspaper advertising should be incorporated into window displays: short, snappy headlines that get to the point, good illustrations, and sufficient information.

12. There should be no qualms about using long copy provided the information is vital and its presentation is interesting and lucid. Some "experts" claim that long



Description: Three-dimensional display. Fly-wheel at left can be real or cutout of compo-board. Hands of canvas gloves such as used by farmers stuffed with straw. Local electrician can add motion by having wheel turning thus dramatizing the word "mechanical". The pitch fork and scythe to be placed under glass as in a museum. Farm scene can be painted on background or photo enlargement can be used. Strip across bottom, showing mechanical farm equipment can be obtained from local distributors or by writing direct to the manufacturer.

Copy: FOR SALE: MECHANICAL FARM HANDS!

Until fairly recently, farming was done by manual labor. The farmer's wife and daughter also performed many arduous chores. There still is a lot of this kind of farming being done—but mechanical farm hands are coming to the assistance of the farm family.

Such mechanical equipment as cultivators, tractors, milking machines and sprayers are easing the farmer's labor. Rural electrification, running water and other improvements are adding to farm comfort and convenience.

Blankville County farmers are using the credit facilities of the Jonesville National Bank to finance their purchases of mechanical farm hands. They are finding loan rates reasonably low and terms generous. If you plan to add some mechanical farm hands to your farm, let us give you a "hand"!

copy is not read. Surveys have proved that such is not the case.

13. A good display need not be changed too often. There is value in repeat impressions. However, if the display is of a sensational or unusual nature it may grow "old" in about 10 days, therefore it should be changed. If it is of a stock nature, selling a general service, there is no harm in keeping it before the public for three or four weeks.

14. If a financial institution has several show windows it is unnecessary to relate each display. Rather, it is desirable to individualize each so that it will attract more direct attention.

15. Banks starting a display program should give their displays an identity or style that matches that of the institution's other forms of advertising. This practice gives extra continuity to each visual impression.

16. There should be no let-down in the display effort. Each display should be uniformly good.

17. Color schemes should be subdued, not theatrical.

The public expects a bank to be conservative—this, however, does not imply that financial displays should lean to the funereal. Professional advice is helpful in solving this problem.

And finally—gauge the value of the window display investment by the same yardstick used to measure other forms of advertising namely the cost per thousand of circulation, visual impressions and new business obtained.

What Some Banks Reported

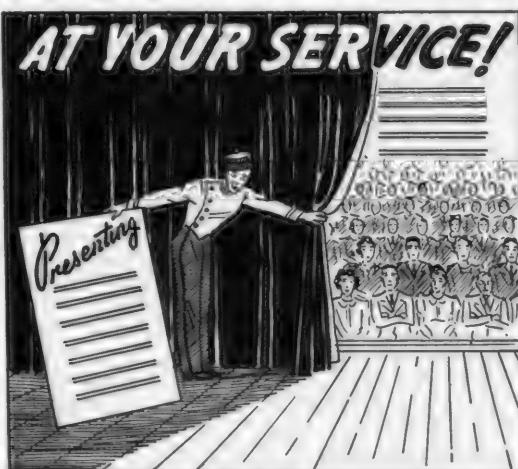
From an Iowa banker: "The construction of this bank is such that it does not permit the use of window displays. However, I do think that this is a good method to get over a message, and displays I have seen in other banks have been very attractive."

From New Mexico: "Although we have not yet used window displays in our advertising, except for a newsreel picture which is changed twice each week, we are now planning a display of army insignia, primarily to inform the people of this community regarding the grade of army officers in the air service located at the army air base here."

From a Wisconsin savings bank: "We have an arrangement with a local sign painter who prepares our displays for us. They have, for the most part, been painted panels with off-set models and figures . . . our windows do attract attention and we note that during the time we have had mortgage loan displays we have received additional inquiries relative to our policy and rates of mortgage interest".

From Ohio: "We are moving into a new location in September and we are providing for that location much more desirable window display space than we now have".

Description: This display to consist of a large size photograph showing directors, officers and staff of the bank. Cutout figure, at left, can be pulling back a real velvet drape. Copy to be institutional but should also stress the various services offered by the bank.



The Legal Answer Page

Wages and Hours

Are there any court decisions holding banks to be under the Wage and Hour law?

THE only decision to this effect is a recent one involving a small bank in Minnesota. Judgment was entered after the president of the bank waived defense to the action. The decree required the bank to comply with the law and make restitution of back overtime compensation which had accrued to the employees. Inasmuch as no defense to the action was made by the bank, this case cannot be considered as adjudicating the question of whether or not banks properly come within the application of the Act.

Has the Administrator's definition of an executive employee found support in the courts?

IN a recent issue of the United States Law Week a case is reported holding that the Administrator improperly included in his definition a salary minimum. (Devoe v. Atlanta Paper Co., U. S. District Court, N. Ga., July 31, 1941, 10 U. S. Law Week 2111)

The court decided that that element of the definition has no relation to the character of the work performed by an executive. It brings within the scope of the Act a class of employees Congress did not intend to cover and therefore amounts to legislation on the part of the Administrator. Although he has wide discretion in making his regulations and definitions, he may not add to his definition an element which is not a real incident to executive work.

Taxation—Stock Dividends

If a bank declares a dividend in common stock payable to the holders of common stock, is that dividend taxable?

ON the subject of stock dividends, the Internal Revenue Code provides: "A distribution made by a corporation to its shareholders in its stock or in rights to acquire its stock shall not be treated as a dividend to the extent that it does not constitute income to the shareholder within the meaning of the Sixteenth Amendment to the Constitution." (Section 115(f) (1). In other words, a distribution of stock to the stockholders is a taxable dividend unless the Sixteenth Amendment prevents its taxation.

The Supreme Court of the United States on the one hand has held that a dividend paid by a corporation on its common stock by issuing to its stockholders additional common stock was not income within the meaning of the Sixteenth Amendment, and therefore not taxable. (Eisner v. Macomber). On the other hand, it has held

that where preferred stockholders receive a dividend in common stock they receive income which may be taxed. (Koshland v. Helvering)

The Commissioner of Internal Revenue has interpreted this section of the Code to mean, in the light of the Supreme Court's decisions, that to be exempt the stock received must be of precisely the same character as that owned by the recipient of the dividend. (Art. 115-3 of T.D. XV-2 CB (53)

Taxation—R.F.C. Preferred Stock

Is the capital stock tax applicable to R.F.C. preferred stock?

IN 1937, the Internal Revenue Bureau ruled, in connection with the capital stock tax provisions of the 1934 and 1935 Revenue Acts, that in determining the liability for capital stock tax of banks capital notes and debentures issued to the R.F.C. constitute evidences of indebtedness, and issues of preferred stock constitute stock. "Accordingly, the proceeds from preferred stock issued to the Reconstruction Finance Corporation by banks or trust companies constitute an addition to the declared value of the capital stock of the issuing bank or trust company. . . . When preferred stock so issued is called and retired, the amount of the distribution to the Reconstruction Finance Corporation made for that purpose constitutes a deduction . . . as property distributed to shareholders in liquidation or partial liquidation as the case may be."

This ruling is undoubtedly applicable under the present capital stock tax law since it is substantially the same as the capital stock tax provisions in the revenue acts to which the ruling applies specifically.

Tax Anticipation Notes

May a taxpayer buy both series A and B notes, or must he choose one or the other and purchase only notes of that series?

A TAXPAYER may buy notes of both series. If, for example, his Federal income tax due in 1942 will be \$3,000, he may purchase \$1,200 of the Series A notes and \$1,800 of Series B notes for use in payment thereof.

What amount of Series A notes may be purchased?

THE maximum on Series A notes set out in the Regulations relates to the amount which may be applied against Federal income taxes in any one year—this sum is \$1,200. There is nothing to prevent a purchaser from buying more than this amount of notes and using them to pay his Federal income taxes due in 1943.

WORLD CHAMPION



MISS MARGARET HAMMA, operating an IBM Electromatic Typewriter, established a new professional world's record of 149 words per minute for one hour.

The first half-hour of this performance won for her the amateur championship.
☆ These records were made in competition with 8 other professional contestants and 44 other amateur contestants from various parts of the United States and Canada.
☆ The competition was held under the auspices of the Ninth Annual International Commercial Schools Contest in Chicago, on June 19 and 20, 1941.

INTERNATIONAL BUSINESS MACHINES CORPORATION



Insurance Study Groups

HORACE ERVIN

Specialization is making basic knowledge of insurance necessary to efficient bank management. As if to meet the challenge, insurance study groups are spontaneously gaining momentum in various cities. The author is with the advertising firm of Albert Frank-Guenther Law, Inc.

THE sharp knuckles of specialization long ago rapped on the door of insurance. But banks, that industry's biggest customer, are only beginning to take note. The awakening, late as it is, is nevertheless timely because insurance is becoming increasingly important to banks in their task of protecting assets. In recent years further acquisition of properties through trusts, foreclosures and other sources intensifies bank need of coverages. And the thought has come of age that in this day of changing values every protectable interest deserves, at the very least, *adequate* coverage, while there should be under no circumstances a single instance of overlapping protection.

More than ever before, the bank needs a working knowledge of insurance, just as it needs a working knowledge of trust and mortgage agreements. Experience is naturally the best harvester of insurance knowledge, but there are certain shortcuts that rank well as second best. A textbook or two will do well for a start. Here are five texts, any one of which can be used to give a panoramic view and background of insurance:

AMERICAN BANKERS ASSOCIATION, *Insurance and Protective Committee. Digest of Bank Insurance*, 1941
ACKERMAN, S. B. *Insurance*; rev. ed. New York, The Ronald Press Co., 1938
HUEBNER, S. S. *Property Insurance*; 3d ed. New York, D. Appleton-Century Co., Inc., 1938
MAGEE, J. H. *Property Insurance*. Chicago, Richard D. Irwin, Inc., 1941
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HERE and there in larger cities, groups of insurance buyers band together to exchange ideas and experiences and hear lectures given by experts in specific insurance fields. In New York City there are two groups among bankers. In various other cities seminars on insurance are encouraged by local chapters of the American Institute of Banking. Boston is a notable example. There, between January 14 and April 8 this year, 12 two-hour sessions were held. The New York A.I.B. has a course. The Graduate School of Banking at Rutgers University in New Jersey operates effectively under the able guidance of Kenneth C. Bell, second vice-president of the Chase National Bank.

The curricula of colleges and universities are giving greater recognition to the growing scope of insurance. Professor David McCahan of the Wharton School of Finance (University of Pennsylvania) and Anna M. Kelly of the American College of Life Underwriters

have completed a survey indicating that 235 institutions of higher learning in the United States offer a total of 584 insurance courses.

Of these courses 157 are intended for the layman and about one-third of the 18,249 students enrolled take that course. Just recently, the Hartford College of Insurance, the first insurance college in America, was founded in Hartford, Connecticut, and its entire curriculum will be based upon insurance and related subjects. The curriculum of the Insurance Society of New York under the directorship of Arthur C. Goerlich is virtually that of a college.

THE following units, all organization members and affiliated study groups of the Insurance Institute of America, are nuclei of insurance-minded people that may provide incentive to members of the bank staff who are anxious to improve their insurance buying ability:

Atlanta, Georgia: Insurance Library Association of Atlanta, 534 Hurt Building; Baltimore: Insurance Society of Baltimore, Garrett Building; Boston: Insurance Library Association of Boston, 89 Broad Street; Chicago: Chicago Study Club, c/o Insurance Library of Chicago, 175 West Jackson Street; Cleveland: Education Dept., Insurance Board of Cleveland, 1830 Williamson Building; Hartford: Insurance Institute of Hartford, Edward Fischer, secretary-treasurer, c/o National Fire Insurance Company, 95 Pearl Street; New Orleans: Insurance Library Association of New Orleans, 712 Union Street.

New York: Insurance Society of New York, 107 William Street; Philadelphia: Insurance Society of Philadelphia, 232 South Fourth Street; Providence: Rhode Island Association of Insurance, Agents Group, 301 Union Trust Building; St. Louis: Insurance Institute of Missouri, 408 Pine Street, San Francisco; Fire Underwriters Association of the Pacific, 818 Merchants Exchange Building; Seattle: Insurance Society of Washington, 1101 Exchange Building; Vancouver, B. C.: Insurance Institute of Vancouver, 626 Pender Street West, Washington, D. C.: Insurance Club of Washington, c/o National Savings & Trust Company, Winnipeg, Man.: Insurance Institute of Winnipeg, 1100 Paris Building, Canadian Institute of Insurance, 1100 Paris Building.

In addition to the above, the following central sources are commended to the attention of those bankers who desire further information on insurance educational facilities throughout the country: (1) Head Offices of individual insurance companies; (2) Arthur C. Goerlich, director, Insurance Society of New York, 107 William Street, New York; (3) For colleges offering insurance courses: American College of Life Underwriters, 36th and Walnut Streets, Philadelphia.

*DEFENSE with POWER
and SPEED to spare*



Photograph courtesy U. S. Navy and Packard Motor Car Company

Boats of the PT class are built and manned for a specialized job in our National Defense. Tests under tough practical conditions have proved boats and personnel worthy—with power and speed to spare.

Repeated tests have proved F&D protection eminently fit for its job, too. Men and methods guarding F&D clients against the constant threat of loss are worthy of their steadily increasing trust. 48 field offices working in close cooperation with 9500 experienced local agents make the F&D's specialized services readily available to banks everywhere.

Fidelity, Surety and Bankers Blanket Bonds
Burglary, Robbery and Forgery Insurance

Fidelity and Deposit
COMPANY OF MARYLAND, BALTIMORE

Since 1890

METHODS and IDEAS

This department of BANKING is conducted by our Methods and Ideas reporter, John J. McCann.

Southpaws

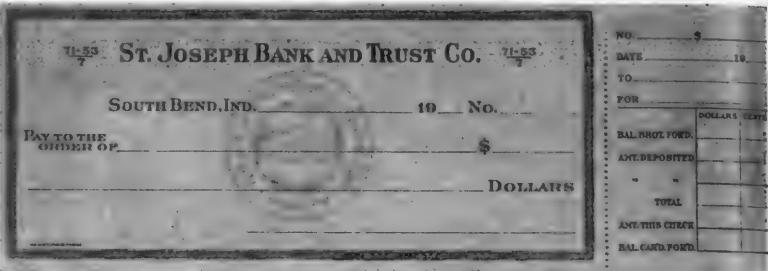
APPARENTLY NOT all "southpaws" are major league ball players. In fact, we're told that one person in 20 is left-handed . . . and that means a mighty big group of the check-writing public. It never occurred to us before, but there is such a thing as a left-handed check. ST. JOSEPH BANK AND TRUST COMPANY of South Bend (Indiana), for one, issues them in fair quantities. The checks are exactly like the ordinary type, except that both the stub and binding edge are at the right. The bound books also open from the right rather than the left. To the average customer the books would appear to be printed upside down. It has been suggested that South Bend probably pays off football bets in left-handed checks to break a jinx.

Drive-in Banking Service

THE LUBBOCK (TEXAS) NATIONAL BANK has recently installed, at a cost of \$500, an auto teller's window, enabling customers to drive down an alley to a teller's cage at the rear of the bank. According to President C. E. Maedgen, the bank operates four tellers' windows inside and the auto teller's window handles about as many customers during a day as any inside teller, the patronage of this window having increased steadily since it was installed about January 1.

The auto teller's window is equipped with a two-way speaking system, enabling the teller to carry on a conversation, in an ordinary tone of voice with

This blotter, showing The Lubbock (Texas) National Bank's "drive-in banking service" window, is used to advertise the bank's new customer service



Something new in checks for the left-handed

customers sitting in their cars, with a bullet-proof window between. By means of a lever a tray, the exact height of a 1941 automobile door, extends from the inside to customers sitting in their cars, thus enabling them to make deposits or withdrawals without the necessity for leaving their seats.

Renters' Weakness

THE NATIONAL CITY BANK of Cleveland struck a responsive chord with a recent direct mail piece addressed to several thousand "renters". The folder supplied a graphic answer to the question—"Can I really get enough of a mortgage to make it possible for me to build a home?" A chart illustrating "the National City way" shows what a person paying \$35 to \$60 monthly rent can get in homes valued from \$5,000 to \$8,000 by down payments of \$500 to \$1,000 on FHA mortgages ranging from \$4,500 to \$7,000. These figures are broken down in units of \$5 monthly rentals from \$35 to \$60. A final column in the chart shows how an equivalent monthly mortgage payment is broken down for principal, interest, insurance, taxes and hazard insurance. Some 250 inquiries resulted in the few weeks and a good number of loans were

made. The pamphlet was then supplemented by newspaper advertising and window display. Dale Brown, assistant cashier, says: "Although the pamphlet is copyrighted, that was done merely to protect us for a few weeks; but if anyone else can get an inspiration from this promotion, we will be pleased."

New Trust Service

THE FIRST NATIONAL TRUST AND SAVINGS BANK, San Diego, recently announced a new courtesy trust service. To safeguard customers' interests, the trust department offers to review at regular intervals any will in which the bank is named executor and, with special permission, will advise the customer's attorney of any changes in taxation, administrative provisions, security values or any other changes that might affect the estate plan. No charge is made for the safekeeping of the will nor for this new advisory service. The idea is aimed at eliminating one of the greatest difficulties in the handling and probate of wills—the costly errors and misdirections caused by changing laws, taxes and values.

Bond Contest

IRVINGTON NATIONAL BANK of Irvington, New Jersey, makes a worthwhile contribution to defense publicity with a locally-sponsored defense slogan contest. The public is invited to try its hand on short, snappy slogans, the best of which will be selected to keynote local promotion of Defense Bonds and Stamps. Newspaper ads announcing the contest carry a slogan blank and name and address coupon. Mayor Herbert Kruttschnitt honors the winners with an award of \$5 in Defense Stamps.

Know Your Money

THE DALLAS CLEARINGHOUSE Association recently sponsored a high school
(CONTINUED ON PAGE 72)

It's Simple
Turn in from Main Street on the east alleyway along the bank to the new automobile teller's window for your depositing service. You need not move from your car - just stop. It's that simple.



It's Saving
Bank customers have found the new automobile teller's window of decided value: No more lost time with parking worries - no needless time away from your business or your home - it is a convenient time saver.

...Drive In For Your Banking Service...

THE LUBBOCK NATIONAL BANK

CAPITAL AND SURPLUS \$300,000.00
A MEMBER OF THE FEDERAL DEPOSIT INSURANCE CORPORATION



SAVED: More than \$98,500,000 for Insurance Buyers

FOR many years Liberty Mutual and United Mutual have joined together to provide a complete casualty and fire insurance service to insurance buyers, including a growing number of banks. Since organization, Liberty Mutual has returned \$85,301,029 and United Mutual \$13,383,262 in cash dividends to policyholders (December 31, 1940). Savings have come chiefly from three sources:

- 1. Loss prevention.** Policyholders have been unusually willing to cooperate in loss prevention because they share in the savings.
- 2. Expense control.** Liberty Mutual and United Mutual have always lived within their incomes in bad times and good times.
- 3. Direct dealing.** Direct dealing not only costs less—it offers other specific advantages. For example, we

can and do train our full-time, salaried men to the highest service ideals. Thus our field representatives recommend coverages in *the interest of the insurance buyer*—in broad, clear, easy-to-understand contracts. And our claims representatives are available wherever and whenever required to settle losses promptly and fairly, without third-party delays and misunderstandings.

If you are interested in dividend savings — either for your bank or its customers — we should be glad to give you complete facts and to estimate the savings you may enjoy. Just write Liberty-United, 175 Berkeley Street, Boston, Mass.



METHODS—Continued

student essay contest in collaboration with the U. S. Secret Service on the subject of the FBI film "Know Your Money". The youthful prize-winner received a \$150 expense-check for a trip to Washington in the company of a local bureau agent, who escorted him about the capital, visiting FBI headquarters

and meeting representatives from Texas and other national figures. This contest was the grand climax of an educational course conducted by the FBI.

Capital

TO ENLARGE FACILITIES for making bigger national defense loans, STANDARD NATIONAL BANK OF NEW YORK, Woodside, L. I., has arranged to increase its

capital funds to over \$800,000 and the Comptroller of the Currency has authorized a \$400,000 issue of 4 per cent cumulative preferred stock. Richard M. Lederer, chairman of the board, stated that the issue had been underwritten by the directors and would be sold to investors and institutions. The unusual feature of the issue is that 40 per cent of the net earnings of the bank will be set aside each six months for reduction of the preferred stock. This is also a case in point which proves the enthusiasm of banking for defense loan operations.

Bond-Club

THE SECURITY NATIONAL BANK of Greensboro, North Carolina, has devised a simplified version of the bond-a-month club. Checking account customers interested in contributing to national defense simply sign a small form which authorizes the bank to make monthly



THERE are a lot of workers in the Bell System—about 350,000 of them. That's a big family and it likes to be a friendly kind of family.

Whether it be the installer in the house, the people in our offices, the operators or the line-man on the roadside helping to

rescue a stray kitten for a worried youngster, telephone workers are close to the public and the tradition of the job is helpfulness.

Even in these days when the needs of defense place sudden and increasing demands on telephone workers, they are never too busy to be good neighbors.

Bell Telephone System

"The Telephone Hour" is broadcast every Monday. (N.B.C. Red Network, 8 P. M., Eastern Daylight Saving Time.)



<p>The undersigned hereby authorizes and directs the Security National Bank to charge _____ account with \$ _____ (number of months) (face value of bond) on the _____ day of each month beginning _____.</p> <p>and to use such monthly amount for the purchase of _____ (number of bonds) \$ _____ Defense Series _____ United States Savings Bonds to be registered as follows: PLEASE PRINT</p>		
Owner	Mr. _____ Mrs. _____ Miss _____ (given name) (middle name or initial) (surname)	
Address	(street) (city) (state)	
<input type="checkbox"/> Co-Owner or <input type="checkbox"/> Beneficiary	Mr. _____ Mrs. _____ Miss _____ (given name) (middle name or initial) (surname)	
(CHECK WHICH)		
Address	(street) (city) (state)	
(Signature of purchaser)		
Date _____		

purchases in the individual's name and charge the account for the amount of the bond. Upon the delivery of the bond, the bank inserts an attractive little folder which suggests the advisability of safe deposit protection.

Seasonal Accounts

FLORIDA STATE BANK, Delray Beach, has solved the cost problem of tourist business with an unusual schedule of service charges. For the short-lived checking account, the bank imposes an initial fee of \$7.50. Although the customer is astounded at the cost, the proposition is put to him this way: "Where can his deposit be invested for a month or two and return an operating profit to the bank?" In addition to the opening charge, the bank collects 15 cents per \$100 deposit on funds subject to customer's checks and withdrawals. Also, 25-cent minimum or one-half of

(CONTINUED ON PAGE 74)

To the Secretary of the Executive Who **BUYS** Fire Insurance:

DOES the man you work for *buy* fire insurance instead of having it sold to him? Does he like to have all the facts in brief synopsis form? Very well. Here are the advantages IRM coverage offers in a minimum of words:

1. IRM fire-prevention engineers live up to their name. Study, research and property inspection enable them to select prime risks and keep them that way. Therefore, IRM policyholders are less likely to have fires that result in costly damage and loss of business during suspended operations.
2. IRM offers sound indemnity at minimum cost: Prompt and fair adjustment of losses that do take place is a matter of record. So is the substantial return of premiums to policyholders annually since the organization of IRM.

That's part of the story. You will have served your employer well if he adopts your suggestion to make personal investigation.

IMPROVED RISK MUTUALS

60 JOHN STREET, NEW YORK

A nation-wide organization of old established, standard reserve companies writing the following types of insurance: Fire • Sprinkler Leakage • Use and Occupancy • Tornado and Windstorm • Earthquake • Rents • Commissions and Profits • Riot and Civil Commotion • Inland Marine



METHODS—Continued

1 per cent on checks cashed immediately at the window on amounts over \$50. Collections are made at 15 cents per \$100 and protested checks bear a tariff of \$1.

Outlook

IN A LITTLE booklet, DOREMUS & COMPANY, INC., New York financial advertising firm, sums up a business philosophy which always has a tendency to become manifest in lush times. "No, thank you . . . we don't need any customers" is the appropriate theme and

title. The booklet is concerned with the new market created overnight by defense jobs—clerks in minor capacities earning two and three times their normal salaries. Also, the attitudes of business in what is now described as a "seller's market" where advertising is wrongly discontinued because production lags behind demand. Certain fundamental uses of advertising are imposed on this picture.

Advertising, too, may well turn its power on educating the consumer to get the most out of the goods available, because in times of scarcity he is more apt to appreciate the full value of what he buys. Promotion may also be di-

rected to new or the most fertile markets; house-cleaning those which have failed or are temporarily unproductive. These are but a few of the valuable suggestions which may well be considered by a bank's business customers—and, for that matter, by the bank itself, as the moral applies to every business. Copies may be had by addressing the company.

Dental Plan

THE REAL ACHE has been taken out of dental bills by the new finance plan recently inaugurated by the FIRST TRUST & DEPOSIT COMPANY of Syracuse, New York. To launch the program, the entire staff of officers was organized as a contact corps. Each was given a list of dentists to be interviewed before the deadline of the public newspaper announcement. In addition to a full explanation of the plan, each dentist received a quantity of literature, necessary forms and wall cards for reception room and office.

The feature of the plan is that the entire transaction is handled by the dentist in his own office; the patient need not visit the bank before his monthly payments fall due. After the dentist has examined the patient and determined costs, the patient is invited to sign an application and note. The dentist later phones the application data to the bank's time sales department for checking. Credit reports are made promptly. When the dental work is completed (or well started in the case of a prolonged job) the note is submitted for discount and 90 per cent of the amount of balance is paid to the dentist. The remaining 10



Special Service Division—for certain kinds of security transactions and a variety of unusual services

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO



Member Federal Deposit Insurance Corporation

TOO VITAL TO POSTPONE

Avoid costly and possibly dangerous delays in dental treatment. All you need do to use the **BANK DENTAL PLAN** is:

1. Ask your dentist for an estimate on required dental work.
2. If the cost is more than you are able to pay at once, fill out a Bank Dental Plan application in the dentist's office.
3. The First Trust pays your dentist and you repay the Bank in small, monthly installments arranged to suit your convenience.

per cent is held by the bank as a loss reserve; it is paid to the dentist later when the patient makes his final instal-

A WORD TO THE WISE about Fluorescent Lighting



BY

Thomas J. Killian, Ph.D.

Former Instructor in Electrical Engineering and Physics at M. I. T.; pioneer in the development of gaseous tube light; and now Technical Director of The Frink Corporation.

BECAUSE it is the greatest development in illumination during the past decade, the growth of Fluorescent lighting has been phenomenal. Sales of Fluorescent lamps have jumped from 250,000 units in 1938 to an expected 20,000,000 in 1941.

Such rapid expansion has of course resulted in considerable confusion. Hundreds of "companies" have been organized to cash in on the new demand. And thousands of "fluorescent experts" have sprung up to "prescribe" for Fluorescent installations. Inevitably, much money has been wasted by ill-advised purchasers who accepted misinformation as engineering facts.

To discourage the sale of inferior or unsafe Fluorescent equipment certain standards of quality have now been established. These are met or exceeded by reputable manufacturers like The Frink Corporation. However, such standards apply only to the fixtures themselves. They do not cover engineering factors involved in planning a complete installation. Consequently, even so-called "approved" fixtures may produce inefficient, inappropriate or extravagant Fluorescent lighting.

For this reason, The Frink Corporation pioneered a complete Fluorescent lighting service to guarantee satisfaction to purchasers of Barkon-Frink LINOLITE equipment. Not only does every Linolite fixture meet the quality standards for Certified Fleur-O-Liers, but each Linolite installation is Engineered for Guaranteed Performance at no extra cost.

Once installed, little can be done to correct poorly engineered Fluorescent lighting. That is why our constant advice is to "Do it right or not at all". That, also, is why we maintain our own staff of skilled designers and engineers, backed by Frink's 84-year experience in lighting, to—

Do it RIGHT with

L-I-N-O-L-E-U-M
(Trade Mark)

A profusely illustrated brochure, showing how and why LINOLITE affords the Ultimate in Fluorescent Lighting, is yours for the asking. Mail the coupon now.

"Lighting since 1857"

THE FRINK CORPORATION B-9
Bridge Plaza South, Long Island City, N. Y.

Please send me your new brochure on LINOLITE Fluorescent equipment.

NAME _____

ADDRESS _____

CITY _____

ment on the note. Experience indicates that the loss reserve actually amounts to no more than 1 or 2 per cent.

A Colonial Counting Room

WHAT is believed to be a new idea in the public relations program of a large bank has just been put into effect by the Equitable Trust Company of Baltimore—the creation of a counting room of Colonial design, placed at the service not only of the bank's clients but also made available to civic organizations for meetings.

Reminiscent of pre-Revolutionary days, the room sweeps one back into a period of charm and tranquillity. As one enters the door he faces a Palladian window, rising high toward the white, domed ceiling. The eight panelled walls of the octagonal room are of rich vermillion, edged in white.



Adding to the coziness of the room are twin fireplaces. Sheffield candlesticks, a cast bronze chandelier which is an exact copy of the one in Bruton Parish Church at Williamsburg, Virginia, and furniture which is either original or especially built reproduction, give added cheer and comfort.

In the center is a large table, while at the sides are several accurately designed models of early-day ships. The floor is made of random-width boards of Georgia pine, cut from some joists of a venerable building razed in Baltimore.

The room was designed by the architects (Messrs. Perry, Shaw and Hepburn of Boston) who carried out the restoration at Williamsburg, Va.

Commenting on the decision to create an American room "expressing the fine qualities of Colonial days and typifying the hospitable traditions of early Maryland," Robert G. Merrick, president of the bank, says:

"The right kind of room, we felt, would provide the ideal atmosphere in



Personal Loans and Financing Accounts

...Involve 12, 18 or 24 receiving, posting, follow-up and handling transactions per account.

Yet, profitable operation is assured if detailed work and costs are kept at a minimum.

Our great Financing Companies and Banks, who have been engaged in this line of business for many years, have solved this problem by using Allison's Payment or Deposit Coupon Books.

Their actual experience has proven that - expenses are reduced - receiving services are speeded up - collections improved and greater convenience provided for the customer.

Your Personal Loan and Financing problems are the same as their problems and a knowledge of this system, its advantages and economy, will show that it will do just as much for your bank as it has for the thousands of others engaged in this same class of business.

Write to ALLISON COUPON COMPANY, Indianapolis, Ind. for complete information and samples. There is no obligation. All the facts will be gladly furnished. Do it Today.



which to meet our customers and friends . . . an atmosphere, not of impersonal business, but rather of hospitable, understanding friendliness. If we could succeed in creating such surroundings, they would typify, at a single glance, our entire tradition of personalized public relations."

Advisory Board

ANOTHER REASON why agricultural credit operations in central New York have maintained a high standard is the policy adopted by the MARINE MID-LAND TRUST COMPANY of Cortland and followed by a number of other institutions in that area. The company has

organized a farm advisory board, a group of outstandingly successful farmers of the county, to handle agricultural loans. Where a specialist in this particular field cannot be maintained, due to size of bank or limited farm business, advisory boards of this type are said to work out very satisfactorily.

Army Life

ONE WAY to give the boys at camp a real good time is suggested by the MICHIGAN NATIONAL BANK of Grand Rapids. Through the good offices of Vice-president James V. Stuart, the bank donated space in a downtown office building for the showing of a tech-

nicolor sound picture of the Air Corps in action, "Wings of Steel". Now a schedule of other films to be shown on the same basis will help relieve the routine of camp life. That's one way to put to "goodwill" use some of the bank-owned unrented properties downtown.

Human Interest

THE FIRST NATIONAL BANK of Portland, Oregon, finds that a bit of humor and human interest does the trick for life insurance financing promotion. Far off the beaten track of formal layout, impressive illustrations and neat typography, this series was handled entirely with a cartoonist's brush. Stick characters won attention while free-hand lettering told an effective sales story in 50 words and less. Insurance loan volume jumped ahead 100 per cent and the bank attributes this increase to the campaign plus close cooperation with local insurance agents. Like Maggie and Jiggs, Tillie, Pop-eye and the rest of the beloved characters of the funny page, the use of cartoons in advertising hits the funny bone of the average American and prompts him to buy.

The bank has also adapted a practical salary adjustment plan designed to protect the staff against increased living costs. From now on salaries will be adjusted monthly according to telegraphic reports on living costs from the U. S. Bureau of Labor. These adjust-



So many of our
correspondents think of
Mercantile-Commerce
as their *friend* in St. Louis
... because of
Mercantile-Commerce
Service.

MERCANTILE-COMMERCE
Bank and Trust Company
SAINT LOUIS

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



"Where you going Buddy
...to a fire?"

"Hack me to the bank to
see if it's true!"

"Nutz to that alibit!"

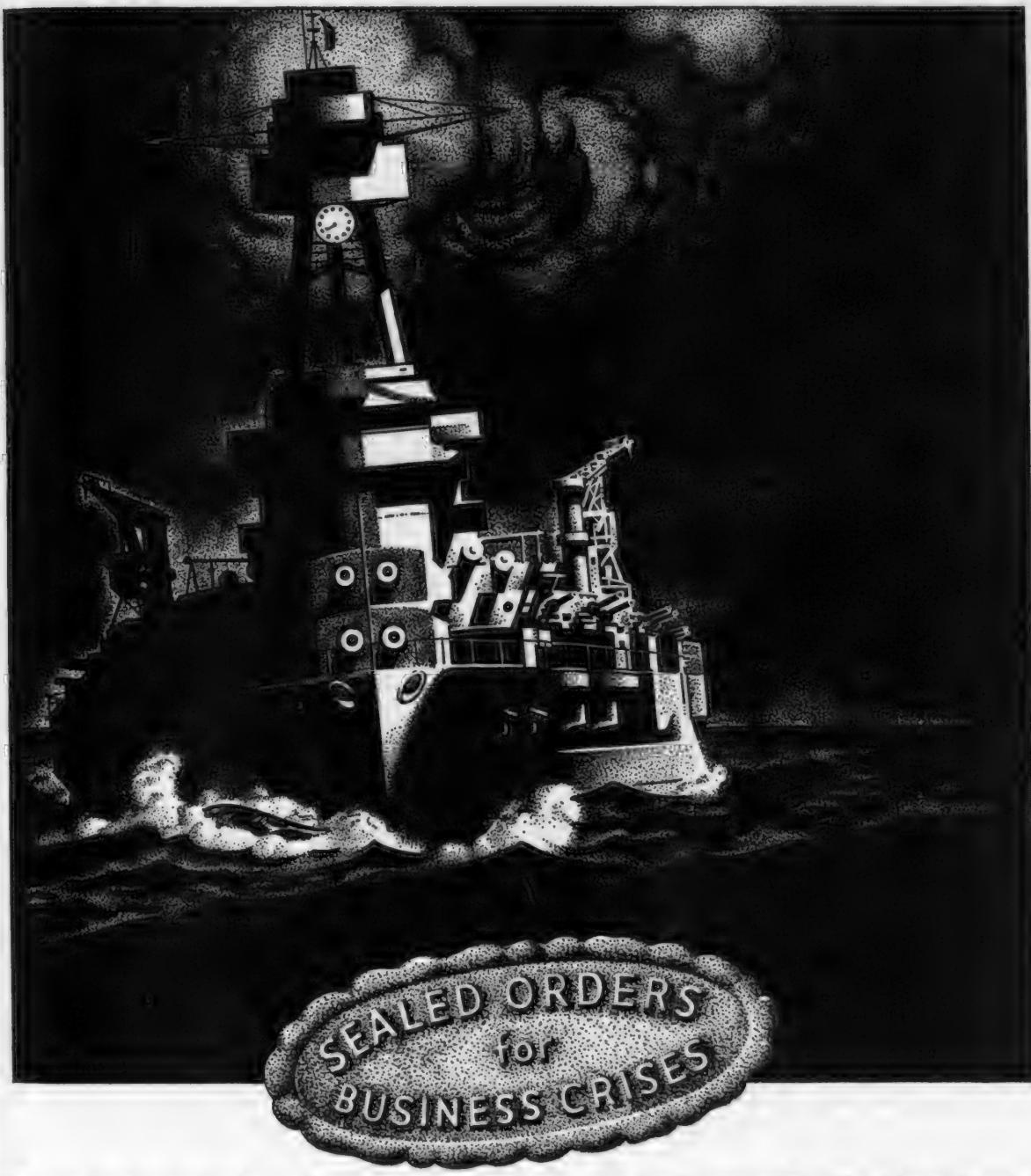
"Listen...they say the
First National Bank
will save you up to 50%
on your life insurance
loans..."

"Move over Bud, I'll go
with you!"

Any Branch

The First National Bank of Portland
• Merchants of Credit for over 75 years.

ments will not, however, supersede or conflict with the bank's long-standing policy of periodic salary increases based upon seniority and regular promotion. It is an over-all additional payment which will continue to meet the higher cost of living "for the duration." (CONTINUED ON PAGE 78)



TROUBLED WATERS lie beyond the quiet horizon of every business venture. The hazards of industry make peculiar warfare that is never declared, never expected. Weapons like employee dishonesty, burglary, forgery and liability engage

assets in deadly combat. But like ships with sealed orders, insurance policies and bonds of American Surety and New York Casualty Companies safeguard assets for insured owners. In this way clients *lose their loss* to these strong companies.

AMERICAN SURETY COMPANY

HOME OFFICES: 100 BROADWAY, NEW YORK

NEW YORK CASUALTY COMPANY

Both Companies write FIDELITY • SURETY • CASUALTY

METHODS—Continued

Defense Merchandising

A GOOD IDEA of how one bank marshals its merchandising facilities for the sale of Defense Bonds and Stamps is shown in an eight-page offset brochure issued by the FIRST NATIONAL BANK AND TRUST COMPANY of Tulsa, Oklahoma. The first two pages illustrate the focal themes of a hard-hitting newspaper series. Next come photos of the decorative bond department with directional signs located throughout the lobby, then a specimen of illuminated billboard display. Next is the gadget

that answers 18,000 time calls a day and plugs defense with each message. Finally, there are folders, blotters, poster-stickers and other direct-mail. The bank also shows the forms used on its automatic deduction plan for checking accounts and the employee participation program for the bank staff. Last, but not least, are a few examples of newspaper publicity which attended the introduction of these various activities.

Via Post

BANKING-BY-MAIL has come a long way since the turn of the century when a few enterprising institutions followed

the lead of mail-order houses in developing farm business. Today promotion pieces run from a simple patented deposit-slip self-envelope to de luxe by mail kits. In this latter group is the WILLIAMSBURGH SAVINGS BANK of Brooklyn which has been featuring an attractive leatheroid desk folio in local papers. This cream and gold tone case carries complete forms for new accounts, deposits and withdrawals and a generous supply of envelopes. A small blotter is tucked into slots at the right. It is a veritable bank counter for the home. In the metropolitan area where overhead costs are extremely high, it is profitable to encourage transactions by mail. Suburban customers, not unlike the farmers, appreciate the convenience of banking service via post.

V Campaign

FROM A SMALL population already heavily taxed to the tune of a billion and a half, Canada is obliged to seek the balance of its current fiscal budget (\$2,718,000,000) in voluntary savings. Realizing the scope of the task faced by the government, hundreds of advertisers

It's PERSPECTIVE that Counts

— whether the job is interpreting news or dealing in investments. Maintaining investment perspective is a constant objective of our organization. We deal in all types of bonds, maintaining close contacts with the markets in each. Because we do so, we examine all aspects of the existing financial and economic situation, with a view to maintaining a rounded financial judgment.

This balance and perspective is reflected in our analyses and recommendations. It is our sincere hope that you will let us demonstrate the truth of this statement.

R. W. Pressprich & Co.

68 WILLIAM STREET, NEW YORK

36 Pearl Street
HARTFORD

201 Devonshire Street
BOSTON

GOVERNMENT, MUNICIPAL, RAILROAD,
PUBLIC UTILITY AND INDUSTRIAL BONDS



are lending their aid by diverting the power they normally use to build sales for themselves into building a national savings campaign which tends to reduce consumption of goods and services. Among the most striking pieces of Victory Bond publicity is the recently issued poster by the Bank of Montreal, bearing the slogan "Hold High the Torch of Freedom."

Stockholder

MUCH HAS been said about the merchandising possibilities that lie—usually inactive—in the stockholder's lap. Vari-

ous efforts have been made by progressive banks to turn the stockholder's interest into new business channels and take an active interest in the bank. Oddly enough, much of the material we've seen is obviously directed to the substantial holder—not much for the little fellow who has to scrape hard to buy a share or two. It seems something more than just a gracious and cordial gesture to give these supporters a fitting acknowledgment—a pen-signed letter from the bank's president. A sample of this mail welcome has been contributed by the UNITED STATES BANK of Detroit. The letter is newsy, chatty and informative; it really makes an important issue of owning a few shares in the bank.

Statement

PEOPLES NATIONAL BANK, Greenville, South Carolina, has an interesting policy of issuing two sets of monthly statements of condition. One folder is designed for local consumption with bank copy featuring one or another timely service. The second folder for general distribution invariably carries a plug for cotton. Cotton is the prime source of income for the area and the bank is intent upon giving it a boost whenever possible—even to printing some of its literature on cotton fabric. There is perhaps a thought for promoting the resources of other sections.

Will

THE JOURNAL, friendly little house organ of the UNION & NEW HAVEN TRUST COMPANY (New Haven, Connecticut), gives an interesting presentation of the vital decisions in making a will. Four pages are ruled in squares—each square suggesting an alternate action with respect to the many phases of making a will. Copy indicating the proper course of action is set in regular type—the obvious wrong alternative is set in italics. The chart actually rehearses the many indecisions which

A number of illuminated billboards like the one below publicize New Jersey's famous dairy county and build goodwill for the Sussex and Merchants National Bank of Newton



Perhaps the combination may seem unusual...

Efficiency *plus* the "human touch" may seem like an unusual combination. But it is a combination which Bank of America strives to maintain throughout all the vast operations of this California-wide branch bank.

Nowhere is this combination more in evidence than in Bank of America's correspondent relationships. In this field especially, Bank of America has personalized its services in a manner which adds an important extra value for banks and bankers everywhere.

Serves you best in the West

Bank of America

NATIONAL TRUST AND SAVINGS ASSOCIATION

COMPLETE BANKING FACILITIES IN EACH OF 495 BRANCHES
(Commercial...Savings...Trust...Safe Deposit)

MEMBER...FEDERAL RESERVE SYSTEM...
FEDERAL DEPOSIT INSURANCE CORPORATION

Main offices in two reserve cities of California
San Francisco...Los Angeles



Blue and gold BANK OF AMERICA TRAVELERS CHEQUES are available through authorized banks and agencies everywhere. Carry them when you travel.

sometimes delay this initial step toward vital trust services. This type of presentation is effective for the reader doubtlessly finds himself answering his own questions.

Wicket

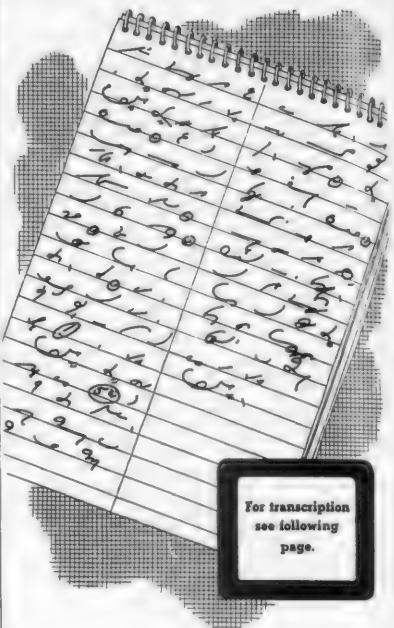
ALAS, SOMETHING has been done to the style of tellers' wickets to give the customer adequate working space. At least in one instance the usual six-inch ledge has been converted into a practical writing space. The PEOPLES NATIONAL BANK of Norristown, Pennsylvania, has installed this new type of wicket allowing 34 x 18 inches on the

customer side of the counter. For privacy a partition divides the counter at each teller's window. Lighted opaque glass set immediately next to the wicket provides illumination. To the right are convenient fountain pen brackets with pens chained to the pilasters supporting the wickets. Signs indicating the function of each window are of cut glass with crysto-glass sign illumination. The insetting on the teller's side is not compromised for space.

Teaser

A CHOICE EXAMPLE of teaser copy appeared in Richmond (Virginia) news-

papers recently. The casual reader came upon a blocked-in illustration of a stenographer's notebook with a message written in fine Gregg hieroglyphics. The



for the Banker who wants Information on CANADA . . .

the Bank of Montreal possesses—through its nationwide system of branches—unexcelled sources for obtaining data on all phases of Canadian business life. Enquiries are invited, and may be addressed to the Business Development Department, at the Head Office of the Bank in Montreal, or to any of the United States offices.



Head Office
Montreal

BANK OF MONTREAL

Established 1817

ASSETS OVER ONE BILLION DOLLARS

NEW YORK AGENCY: 64 Wall Street—A. J. L. Haskell, G. R. Ball,
L. L. Sinclair, *Agents*
CHICAGO OFFICE: 27 South La Salle Street—A. Macpherson, *Manager*
SAN FRANCISCO OFFICE: Bank of Montreal (San Francisco)
333 California Street, F. G. Woods, *President*

puzzled reader was referred to the following page for the transcription. His curiosity was satisfied, no doubt, when he found himself being sold on the merits of Chex—the no-minimum-balance checking account plan spon-

Transcription of
shorthand notes
from preceding page.

Don't forget to open a Chex account at State-Planters Bank—deposit salary, except for lunch money and transportation. Send check to department store, and pay gas, water, phone and light bills by check. Gee, what a relief and what a huge savings in time and steps! A State-Planters Chex account costs only 5¢ for each check drawn. Keep as much or as little as you wish on deposit. There is no monthly service charge. Incidentally, Chex really help in budgeting a salary, something next to impossible when it is carried around in a pocketbook. And these smart blue and white Chex books with plastic binding are available only at State-Planters.

sored by the STATE-PLANTERS BANK AND TRUST COMPANY. Teaser copy is not just another trick in the merchandising bag. If cleverly executed, it can be a welcome relief from routine appeals and it often does a mighty good job of selling where other efforts fail.

To Women

WHEN YOU STOP to analyze it, defense promotion themes have been almost entirely concerned with three factors: men, money and machines. While it is taken for granted, the part women must play in the national emergency is equally vital. But oddly enough only a few advertisers have made a point of saying so. For one, the CENTRAL BANK of Oakland (California) makes a direct appeal to the real holders of the family purse strings in a defense series appearing on the special women's page of local newspapers. Copy themes remind us that women have fought side by side with their men from the earliest days . . . that today there is need for a new kind of fighting—as important to the protection of home and children as battleships. The appeal is for thrift and savings in the home. Each ad closes with an appeal to prevent another "silk shirt era." It certainly is good strategy to single out that section of the public which plays, as always, a silent but no less vital role.

Will Planning

BANKERS TRUST COMPANY of Detroit has just published a new booklet that provides the outline of a memorandum which, when filled in, aids the individual in presenting to his attorney a concrete plan for his will. Each of the 32 pages contains a step-by-step memo form including a complete inventory of property divided by real estate, mortgages, insurance and annuities, securities, bonds, etc.; and a similar form for liabilities. Then a summary page for assets and liabilities with a brief note on administration expense and taxes. The second half of the booklet provides forms for listing proposed beneficiaries, memorial provisions, personal effects, cash bequests and other specific administrative provisions. Two pages at the back are blank for additional memoranda. Also all left-hand pages are blank for making memo calculations or other notes. A four-page supplement showing the division of property under intestacy gives the alternative picture in graphic form. This supplement is used as an insert.

Final Contact

GOOD MERCHANDISING never says die. A customer is always a customer, though he may be temporarily lost. To abide by that philosophy is to make real friends in business. The HOME SAVINGS BANK in Boston demonstrates how it handles the customer who closes his account and moves to another city. In good time, the bank sends him a little

BUSINESS AS UN-USUAL

Is the Order of the Day

In the light of present conditions, business as usual is a meaningless phrase. New problems require new solutions.

As an essential part of our correspondent bank relationships, our experience is available to you.

MISSISSIPPI VALLEY TRUST COMPANY

St. Louis

Member Federal Deposit Insurance Corporation



86 Years of Banking Experience



It's as
easy as this!

At New York's Grand Central Terminal just toss your bag to a porter and say "Hotel Roosevelt" . . . He'll escort you through our private passegeway, direct to the Roosevelt lobby . . . Time-saving convenience and complete comfort . . . Satisfying meals . . . Attractive rooms with tub and shower, from \$4.50.

**HOTEL
ROOSEVELT**
BERNAM G. HINES, Managing Director
MADISON AVENUE AT 45th ST., NEW YORK

**Don't Worry About
CALIFORNIA**

**Reports
Repossessions
Collections**

We Are Properly

LICENSED

California Detective License No. 845
California Collection License No. 2108

BONDED

By U. S. F. & G. for \$11,000.00

INSURED

By Ins. Co. of No. America

**PLEASE SEND FOR
SCHEDULE OF RATES**

**RETAIL
REPORTING COMPANY, Inc.**

Executive Offices

643 So. Olive Street Los Angeles, California

ELEVEN CALIFORNIA BRANCHES

Complete Statewide Service

folder addressed "To a former depositor" which cordially invites a renewal of business relations via post. The folder contains a leaflet outlining the procedure and advantages of banking-by-mail and includes a signature card.

Credit Card

MERCHANDISING PSYCHOLOGY does a real job in new-car financing for the CITIZENS NATIONAL BANK of Waukegan, Illinois. To a select group of preferred risks, the bank issues wallet-size credit cards which entitle them to immediate low-cost financing on 1941 and 1942 models. This notice of a line of

credit has a tendency of restraining the new car buyer from signing higher cost dealer-financing plans in the heat of sales talk and new car allure. The card carries complete information on the bank plan with emphasis on low-cost and immediate service.

Travelers Checks

THE MILLIONS of travelers checks sold by banks each year represent another potential medium of advertising. The FIRST NATIONAL BANK & TRUST COMPANY of New Haven, Connecticut, takes advantage of its sales by inserting printed flyleaves featuring safe deposit

or other service copy in the travelers check pocket-folders. It takes but an extra second to bind-in these friendly reminders of all-round bank protection as the checks are being prepared for the customer.

Personal Defense

THE MORRIS PLAN BANK of Virginia (Richmond) proposes a new slant on defense which fits banking service into seven practical steps for the individual. Points 1 and 2 suggest saving heating fuel by insulating the home and repairing and modernizing the heating system—to convert part of the home into a flat or apartment to be rented to workers—both to be made possible with a modernization loan. Point 3: save for taxes via a regular savings account. Point 4: buy fuel early to relieve the strain on transportation. Points 5 and 6: reduce monthly outlay by consolidating debts and paying off bills with a personal loan so that the individual and others will have money to buy Defense Bonds. Finally, Point 7 is: be business-like, keep personal and family finances in order . . . think and plan ahead with a standard of "popular" checking account.

CENTRAL HANOVER BANK AND TRUST COMPANY NEW YORK



Statement of Condition at Close of Business June 30, 1941

ASSETS

Cash and Due from Banks	\$736,514,822.14
U. S. Government Securities	426,922,356.21
State and Municipal Securities	34,571,213.13
Other Securities	26,539,746.52
Stock in Federal Reserve Bank	2,430,000.00
Loans and Bills Purchased	197,424,237.71
Real Estate Mortgages	6,757,729.22
Banking Houses	14,769,010.00
Other Real Estate	1,055,602.73
Interest Accrued	1,504,941.78
Customers' Liability Account of Acceptances	1,817,564.94
Total	\$1,450,307,224.38

LIABILITIES

Capital	\$21,000,000.00
Surplus	60,000,000.00
Undivided Profits	<u>15,642,735.60</u>
Reserve for Taxes, Interest Accrued, etc.	4,900,759.05
Dividend Payable July 1, 1941	1,050,000.00
Acceptances	2,007,420.37
Deposits	1,345,706,309.36
Total	\$1,450,307,224.38

There are pledged to secure public monies and to qualify for fiduciary powers
U. S. Government Securities \$8,471,886.25

Member Federal Deposit Insurance Corporation

Birthday Pledge

EMPLOYEES OF THE BANK OF AMERICA, California, pledged \$150,000,000 in total deposits for A. P. Giannini's birthday gift, May 6. More than 10,000 Bankamericans kept their individual deposit increase pledges before them constantly during the drive by means of a clever miniature desk display. This was a three-fold card which set up as a triangular stand. The face side contained a foil patch on which the individual penciled his quota. Back side carried this copy: "I made a pledge and I intend to keep it."

Army Contact

ANOTHER IDEA for building goodwill among the officers and trainees of local and nearby camps: THE FIRST NATIONAL BANK & TRUST COMPANY and THE CITIZENS AND SOUTHERN NATIONAL BANK of Macon, Georgia, watch the daily newspaper listings of new assignees to Camp Wheeler. Timed to the day each man is to report for duty, the president of each institution sends a personal cordial note of welcome. Both letters invite full use of the bank's facilities for personal banking.

"Mike" Course

LOS ANGELES CHAPTER of the American Institute of Banking will offer a course in microphone speaking technique, designed to develop ease and naturalness before the "mike" and improve voice placement and control. A recording will be made of each student's voice at the first and final sessions for comparison and permanent retention by the students. With the public address system in general use, doubtless courses in "mike" speaking will be popular. A Columbia Broadcasting System staff member will be the instructor. The course will include 14 sessions.

Dental Finance Plan

THE DETROIT DENTAL SOCIETY in cooperation with THE DETROIT BANK offers a pre-education feature for dental bill financing which overcomes one of the major weaknesses that have stymied other plans—the lack of understanding on the part of dentists as to credit requirements and proper presentation. Here the plan is available only to dentists who have taken a course sponsored by the education commission of the society. This consists of three classes held at the bank. At the opening session a dentist explains the need of such a program, describes previous attempts and why they failed, and outlines the new plan and its uses. The second session is devoted to instructions on credit

requirements, how to get credit information, why it is necessary and how it can best be obtained. Much of the final session is centered on the presentation of the plan to patients.

The bank has worked out a simplified application form which the patient fills out at the dentist's office. This is mailed to the bank, or the information phoned in, and within 24 hours the application is passed upon. On fully acceptable credits, the bank advances 95 per cent of the net amount of the loan—the 5 per cent balance is held as a loss reserve for the account of the Dental Society Dental-Payment-Plan

Commission. There is no recourse to the dentist. On marginal credit applications no funds are disbursed when the loan is made, but funds are permitted on the 7th of each succeeding month after patient begins repayment to the bank. The bank deducts its interest charges and a 2 per cent reserve on the first collection—this being credited to the Commission as above. The charge is \$7 per \$100 per year which includes life insurance on any balance due on the loan. Maximum loan period is 16 months, the minimum amount \$50. Minimum monthly payment is \$5, and minimum charge is also \$5.

Good man gone wrong . . .



Something snapped in a good man's make-up — the familiar story of embezzlement which annually exacts a toll of more than \$200,000,000 from American business.

A Fidelity Bond with Standard of Detroit protects you, the employer, against the results of such human failure. A badge of character for your employees, it is certain financial security for your business. If trouble comes, Standard pays your losses promptly.

Your local Standard agent or broker can help you develop a sound defense against this and other losses — through automobile accident; robbery; injury to you, your employees or the public; and similar hazards. Consult with him *before* your turn comes!

STANDARD ACCIDENT INSURANCE COMPANY

Standard Service Satisfies . . . Since 1884

Booklets at Your Service

YEAR BOOKLET SPECIAL

As a service to readers of the Year Book issue, here is a brief résumé of the majority of booklets that have been reviewed in these columns during the past 12 months. These booklets are still timely, still available. A new "booklet year" will start with the October issue, so here is your last chance to take advantage of these current offerings; any or all of them will be sent you free of charge or obligation. Simply let us know the identifying numbers of the booklets you want and mail your request to Dept. BB-3, American Bankers Association, 22 East 40th Street, New York, N. Y.

OPERATING EQUIPMENT AND SUPPLIES

1 . . . a 4-p. folder tells how modern dictating methods can get things done more quickly in most every department of a bank.

2 . . . a 16-p. booklet describes ten plans a bank may choose from in posting and proving daily balances.

3 . . . a 22-p. study reveals the importance of "auditing" bank correspondence thus reducing high per-letter costs.

4 . . . an 8-p. booklet explains how a new portable, rotary filing cabinet with 6,000 card capacity saves time and effort.

5 . . . these six folders show how the newest bank photographic equipment protects banks against fraud, builds public goodwill, saves operating costs.

6 . . . this folder gives facts about a typewriter-like composing unit; working with your present duplicator it can save paper, postage and printing costs.

7 . . . a 70-p. brochure presents valuable data on safeguarding documents by insulated safe cabinets that give certified fire protection.

8 . . . a 4-p. folder shows how paper is made and explains the requirements 14 different kinds of paper must meet.

9 . . . a 32-p. booklet tells how proper handling of negotiable instruments protects bankers and bank customers.

10 . . . a handy sample kit illustrating how well-designed checks can build goodwill for banks.

11 . . . a guide for paper buyers that explains grades, colors, finishes, sizes, weights; includes sample swatches.

12 . . . an 8-p. booklet gives facts on writing fluids; tells why ink acids

eat steel pens, what makes inkwells muddy, what happens inside a fountain pen.

13 . . . a 16-p. booklet describes a "pocket check sales plan" that cuts checking account costs and yet appeals to bank customers.

14 . . . this folder outlines two methods of analyzing commercial checking accounts to discover their true costs.

15 . . . a 12-p. booklet, with charts, compares costs of cheap record paper with other grades; the comparison has a practical operating value.

INSURANCE

16 . . . this folder tells about Use and Occupancy insurance and how it protects you and your customers against business interruption from fire and other hazards.

17 . . . a 16-p. folder shows how to keep your house from catching fire; read it and yours won't.

18 . . . a 16-p. personal inventory and insurance guide; filled in, it becomes a document of your cherished possessions that may prove invaluable.

19 . . . a 10-p. booklet explains how insuring lives of personal loan borrowers increases profits and builds goodwill for personal loan departments.

20 . . . a 20-p. booklet tells how credit insurance reduces commercial loan risks by protecting the accounts receivables of borrowers.

21 . . . a 12-p. booklet summarizes court decisions of 10 unusual accidents where owners or contractors of a property under construction were held liable for damages.

22 . . . part of this 32-p. booklet lists a leading insurance company's entire bond portfolio—about 570 securities, none of which is in default.

REAL ESTATE AND MORTGAGES

23 . . . a 32-p. booklet proves that good equipment in homes aids mortgage payments through reduced operating costs.

24 . . . a 72-p. booklet explains the "do's" and "don'ts" of home building.

25 . . . an illustrated brochure depicts the advantages of copper in modern home design and as a fireproofing material.

26 . . . a 32-p. illustrated booklet shows how modern store fronts turn old properties into attractive and profitable places of business.

27 . . . this folder explains how proper temperature control can help you and your associates work more easily.

28 . . . a 24-p. booklet tells how pneumatic tube equipment speeds banking operations, saves time and money.

29 . . . a 14-p. booklet gives reasons why colorful bathrooms help finance new homes and sell old ones.

30 . . . a 32-p. booklet indicates modernization loan possibilities in financing fluorescent lighting fixtures.

31 . . . a 4-p. folder tells why a certain flooring material is economical, long-lived.

32 . . . a 12-p. booklet tells why mortgage loan departments of many leading banks view life-protected mortgages as an integral part of home purchase plans.

33 . . . a midget-sized, 16-p. booklet gives information on a new air conditioning development; with it comes a miniature model highly useful as a paperweight.

34 . . . a 26-p. booklet explains fluorescent lighting—what it is, what it does and how it is helping Americans win the battle of production in bank, factory and office.

**"WHITE ELEPHANT"
OR
PREMIUM PROPERTY?**

*A Pittco Front makes
all the difference*



THE shining glass and gleaming metal of a Pittco Front make old buildings look like new . . . and *rent* like new. Merchants of all kinds have repeatedly signified their preference for stores with Pittco Fronts. They know a Pittco Front is a dependable business-getter. That's why they are willing to pay higher rentals for Pittco-improved shop space. And that's why it is good banking practice to modernize unproductive properties with Pittco Fronts.

Like other bankers over the country you are sure to find that the cost of a Pittco remodeling is returned to you many times over in additional revenue. For this reason, money loaned for Pittco-modernizing purposes almost always represents a sound investment.

If you'd like to see what others have done—send the coupon for our new Store Front Book. It contains pictures of Pittco-renovated stores and business buildings, as well as

THERE'S PLENTY OF TENANT-APPEAL
today in the 60-year-old Hedde Building in Grand Island, Nebr., thanks to its new Pittco Front. Note Herculite Glass Doors.

actual reports of the business gains which resulted. Ask your architect to help you plan new store fronts. That is the best way to make sure of economical, well-planned jobs. Our experts will cooperate with him gladly in developing Pittco Fronts that will meet your requirements.

PITTCO STORE FRONTS
PITTSBURGH PLATE GLASS COMPANY
"PITTSBURGH" stands for Quality Glass and Paint

Pittsburgh Plate Glass Company
2327-1 Grant Bldg., Pittsburgh, Pa.
Please send me, without obligation, your new, illustrated booklet, "Pittco Store Fronts — and Their Influence on Retail Sales."

Name. _____

Street. _____

City. _____ State. _____

Know Your Market

(CONTINUED FROM PAGE 40)

business capacity doctors and lawyers want to borrow to outfit offices or laboratories, to be repaid out of the income. The professional group, except lawyers, want help in collecting bills. What doctors, for instance, give up to collection agencies for doing a bad job of collecting, at the expense of much goodwill, might well be worth investigation. It is conceivable that the banks might give them a better service.

The story of the banks and the farmers is an excellent example of what happens when service is not adjusted to demand.

It is in the field of service to the individual, not to help him make money but to help him save, spend, or otherwise dispose of it, that the unexplored area is largest. The first step toward analyzing the market for personal bank service is a division on the basis of the

amount of individual or, in the lower brackets, family income. The number of classes to be set up will depend on the size and character of the community.

Account must also be taken of the varying needs of men and women as customers. Not only are there many women of independent income, but in the lower income brackets often the wife and mother actually handles the family finances, and many well-to-do wives have housekeeping allowances. Of more fundamental importance, however, is the distinction between those whose incomes are regular and those whose incomes are uncertain. Artists, authors, lawyers, real estate and insurance agents, and many others paid by fees or commissions, are a more difficult credit problem than those who derive their income from steady employment or from invested funds. Workers, no matter how highly skilled, who are subject to long periods of idleness, do not fit into any of the present plans for consumer credit, but they form a class which must receive separate consideration.

THE banking needs of these various classes differ somewhat, but by no means as much as what has been assumed to be their ability to pay for them. The exact nature and extent of the markets for each bank service can be uncovered only by careful local study.

Take, for example, the matter of service charges on checking accounts. Banks first approached the problem of unprofitable small checking accounts by trying to get rid of them. Nearly 40 years ago the writer made his first attempt to open a checking account. He had just got his first salaried job—\$100 a quarter—and he wanted a place to keep all that money. He had heard something about banks in a college course in economics and so decided to try the most convenient of them. His self-esteem suffered a permanent dent when a severely buttoned up bank official told him, with unnecessary bluntness, that they did not want his account unless he could promise to keep a balance of at least \$200. Of course, nobody had thought then of service charge checking accounts. The bank's sole idea was the perfectly laudable one of protecting itself from an unprofitable customer.

No less negative and forbidding was the notice the writer received more than 30 years later from another bank announcing that it would henceforth make a charge whenever a depositor's balance fell below a specified level.

SAFEGUARDING
The Life Lines of
DEFENSE

Illinois Standard Fire Insurance Policy

Expiry	JULY 1, 1943
Stock	PROPERTY CHICAGO, ILLINOIS
Amount	\$215,000.00
Premium	\$2,012.10
JOHNSON MANUFACTURING COMPANY	

No.W 651799

FIREMAN'S FUND INSURANCE COMPANY

Across the Nation through a network of 11,000 Home-Town Agents, Fireman's Fund Insurance stands guard day and night against the hazards that threaten property values. If your insurance is in Fireman's Fund you have a right to feel secure—to enjoy mental comfort. Over \$44,000,000 assets—\$23,000,000 policyholders' surplus.

Let's work together for America

FIREMAN'S FUND INSURANCE COMPANY

FIREMAN'S FUND GROUP

HOME FIRE & MARINE INSURANCE COMPANY

FIREMAN'S FUND INSURANCE COMPANY

OCCIDENTAL INSURANCE COMPANY SAN FRANCISCO

FIREMAN'S FUND INSURANCE COMPANY BOSTON ATLANTA

DEPENDABLE INSURANCE SINCE 1853

Until service charge banking is recognized as equally legitimate with money lending, it will also be impossible to approach the check cashing problem in a realistic spirit. This service is often rendered at a loss. At the same time the multitude of check-cashing agencies which have sprung up where all kinds of checks are cashed for a fee, proves the existence of a widespread demand for such a service. These check-cashing agencies are doing a form of banking business just as legitimate, tradition aside, as discounting three-months commercial bills.

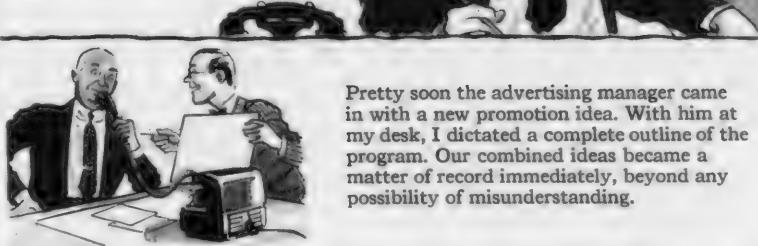
The analysis of the community's banking needs will be useful in determining not only the kinds of service that a bank should offer, but also the manner in which the various groups of customers want the service rendered. Willingness to pay for the privileges of a checking account, for example, may depend in part on the accessibility of the bank to its customers. This is a matter not only of location but of hours and of promptness of service. Only inquiry or experiment will show how far night deposit slots or banking by mail will satisfy daytime workers, and to what extent provision must be made for banking in evening hours.

WHAT are the reactions of the various classes of personal depositors to long waits in line at bank windows? With an appointment to meet or a train to catch, it is most annoying to realize that the young man ahead of you is loaded down with checks, deposit slips and wads of bills or bags of coin. It may be admitted freely that a large commercial account is much more important to the bank than the average individual account. So is freight much more important to a railroad than passenger traffic, but the railroad does not make its express trains wait for the slower moving freights. Why cannot banks provide, as is done on some railroads and highways, fast and slow moving lanes to its windows?

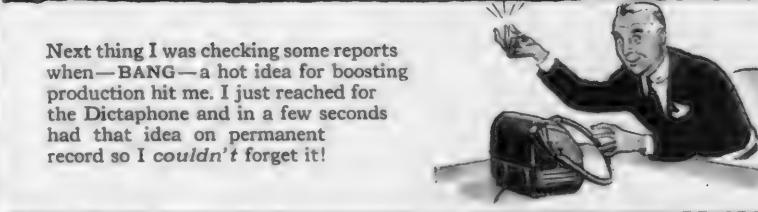
Enough has been said to indicate the general scope and method of a bank service market analysis. It is the sort of study which a live bank will take in its stride. It is no academic wild goose chase into the realm of theory. It is a simple and practical effort to know the individuals and corporations who may be bank customers, as the bank now knows its present customers. The process of analysis will take some hard thinking. The really hard way, however, of adjusting service to demand is to wait until you are in the red and have to do something about it. You may think too late to do anything.

Miss Burns . . . did I write a letter last month?

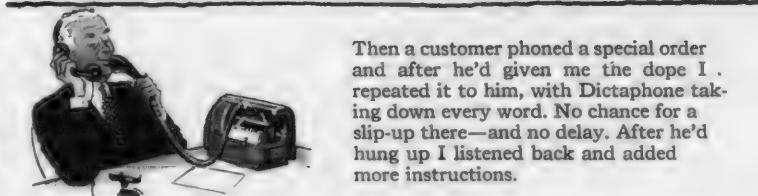
There's not much call for writing letters in my work, as I told the Dictaphone man. "Me need a dictating machine?" I said. "Why, I don't write a letter once in a blue moon." But he said correspondence was only one thing Dictaphone put through faster. So I agreed to try one.



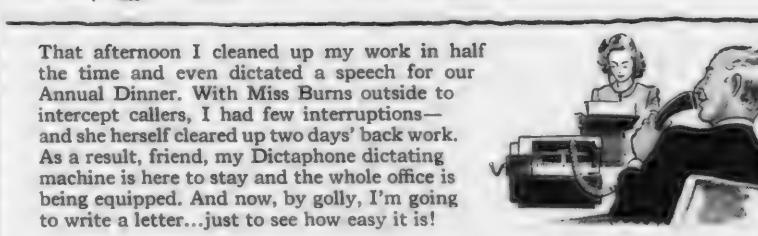
Pretty soon the advertising manager came in with a new promotion idea. With him at my desk, I dictated a complete outline of the program. Our combined ideas became a matter of record immediately, beyond any possibility of misunderstanding.



Next thing I was checking some reports when—BANG—a hot idea for boosting production hit me. I just reached for the Dictaphone and in a few seconds had that idea on permanent record so I couldn't forget it!



Then a customer phoned a special order and after he'd given me the dope I repeated it to him, with Dictaphone taking down every word. No chance for a slip-up there—and no delay. After he'd hung up I listened back and added more instructions.



That afternoon I cleaned up my work in half the time and even dictated a speech for our Annual Dinner. With Miss Burns outside to intercept callers, I had few interruptions—and she herself cleared up two days' back work. As a result, friend, my Dictaphone dictating machine is here to stay and the whole office is being equipped. And now, by golly, I'm going to write a letter...just to see how easy it is!

The delay and confusion fostered by old-fashioned, two-person dictation cannot be tolerated today. Try the Dictaphone method. Let this modern dictating machine help you get things done when they should be done!

—DICTAPHONE speeds mental production—

DICTAPHONE CORPORATION, 420 Lexington Ave., N. Y. C.
In Canada: Dictaphone Corp. Ltd., 86 Richmond St., W., Toronto

- I should like to see the Dictaphone movie, "What's an office anyway?" showing how bottlenecks can be eliminated.
- I should like to try a Dictaphone Cameo Dictating Machine in my own office without obligation.

Name . . .

Company . . .

Address . . .

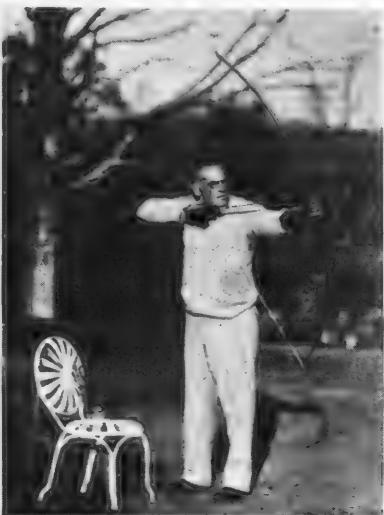
B-9-41



The word DICTAPHONE is the Registered Trade-Mark of Dictaphone Corporation, Makers of Dictating Machines and Accessories to which said Trade-Mark is Applied.

Heard Along MAIN STREET

ANDREW MILLS, JR., president of the Dry Dock Savings Institution, New York, and recently elected president of the National Association of Mutual Savings Banks, like many prominent men, plays as successfully as he works. Mr. MILLS has several hobbies to while away his leisure hours. He spends many vacation hours fishing at his Summer home in Rangeley, Maine. Also numbered among his avocations are reading, motoring, skeet shooting, and archery.



It is interesting to note that an ANDREW MILLS has been identified with the Dry Dock Savings Institution since it was founded in 1848. For 77 of the ensuing 93 years the president has borne that name, the first two men being respectively father and grandfather of Mr. MILLS. The combined service of the three to the bank total 112 years.

★

ALLEN CRAWFORD, vice-president, Bankers Trust Company of Detroit, who was represented on page 54 of July BANKING as "an expert on the culinary art of the past", is being put to the test. It happens this way:

The officers and employees of the Trust Company of Georgia are planning to celebrate their bank's 50th anniversary on September 20 (anniversary Sept. 21) with a dinner-dance. In anticipation of this event, Mrs. THELMA REED, chairman of the Entertainment Committee of the Trusco Club, has written Mr. CRAWFORD asking him to make good his offer of recipes to banks

This material is compiled for BANKING by Albert Journeay, who is in charge of the Purse Company's Chicago office.

celebrating their 50th, 75th, and 100th birthdays.

Mrs. REED's letter to Mr. CRAWFORD is in part:

"In the July issue of BANKING I noticed your picture and read the article on your hobbies with considerable interest, particularly in connection with the preparation of 'delectable dishes of a bygone day'."

"The thought occurred to me that

the country club where the party will be held might be able to prepare a meal in keeping with this celebration. Your kindness in offering some suggestions concerning dishes that were in favor in this section 50 years ago will be greatly appreciated."

★

TOM K. SMITH, president of The Boatmen's National Bank of St. Louis and former president of the American Bankers Association, is the proud owner of a portrait of his great-great-grandfather, the late Ambrose Smith of England. He cherishes this

(CONTINUED ON PAGE 90)

It Seems Like Yesterday

Young "P. D."—the last name is HOUSTON—didn't want to take up dentistry, his father's profession. So he got a clerkship in Lewisburg, Tenn., his native town, at \$4 a week. Then somebody offered him more money to sell books. That job lasted about six months, being followed by a fling at the wool carding business, a venture that wasn't particularly successful.

He was still under 20 when he became a banker. Making a deal with the assistant cashier of the Peoples Bank of Lewisburg to teach him bookkeeping for \$25, young Houston worked for the bank without pay during his spare time. After two years he went on the payroll as assistant cashier and had started a career that led him to the presidency of the American Bankers Association.

In 1906 Mr. HOUSTON left Lewisburg for Nashville to assist in organizing the First Savings Bank and Trust Company of which he became manager and cashier. In 1911 that institution came under control of the Fourth and First National Bank, with Mr. HOUSTON as vice-president of both banks. In 1918 he and Paul Davis bought control of the American National Bank, Nashville. "P. D." became president and Mr. Davis vice-president. Mr. HOUSTON is now chairman of the bank's board.

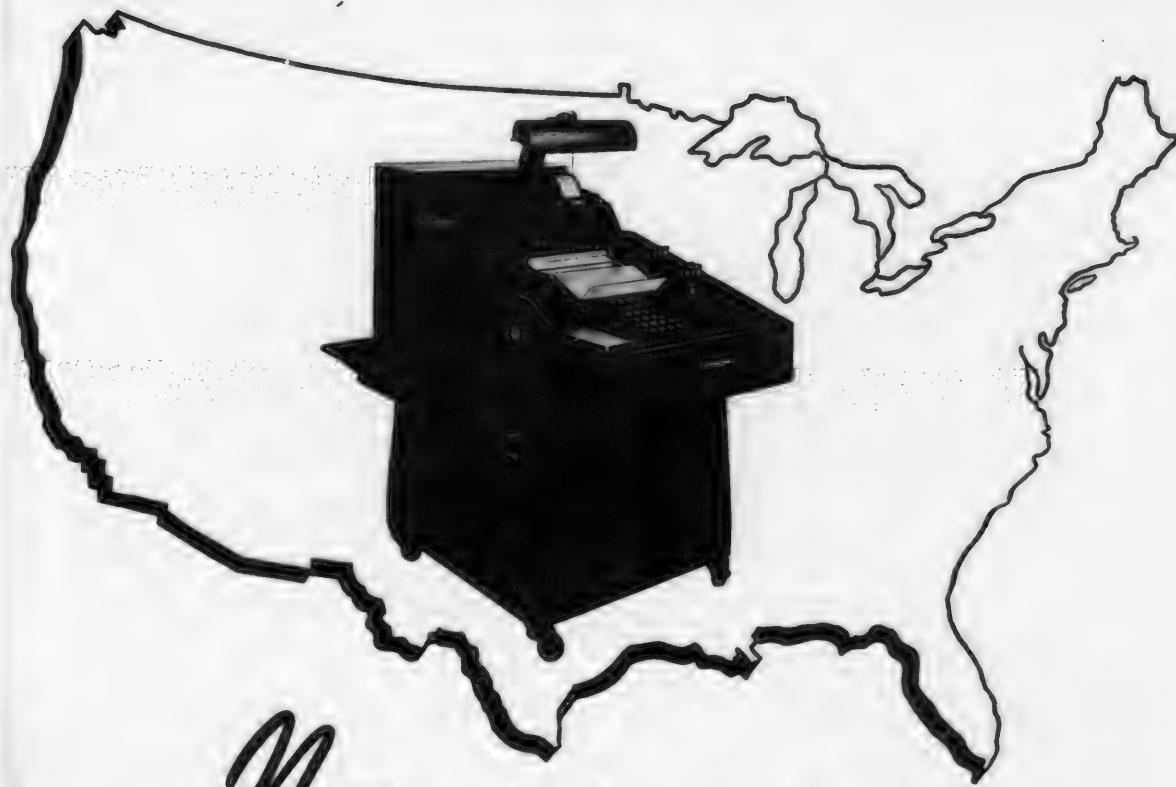
"P. D." regards banking as his hobby as well as his job. He's also interested in agriculture and golf, and with Mr. Davis, owns an 800-acre farm which, among other things, has a prize herd of black Angus cattle.



As president of the Association, Mr. HOUSTON has travelled thousands of miles, speaking to bankers and working tirelessly in behalf of A.B.A. activities. He has been particularly interested in extending the membership.

Mr. HOUSTON doesn't recall the date of this picture, but says it was probably taken during his assistant cashiership at Lewisburg.

"I had not travelled very far beyond the borders of the county in which I lived," he says, "but had an ambition to know as many people as possible and to take advantage of every opportunity to increase my knowledge and information."



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(CONTINUED FROM PAGE 88)
work highly for two reasons—first, because of its sentimental value and, secondly, because he has established its authenticity as an unsigned chalk portrait by the great Hogarth.



ST. LOUIS GLOBE DEMOCRAT

The history of the portrait has been handed down from generation to generation since its completion about 1770. It was executed while young Ambrose Smith was a ministerial student in England and for many years it hung in his manse in Ireland.

Hogarth and Smith were close friends and the artist, whose work as a satirist is well known in Great Britain and on the continent, presented it to Smith as a token of friendship. Although the picture was done with chalk on heavy brown paper, it has the individual expression and masterful finish typical of Hogarth's work.

The portrait passed into the hands of a grandson of Ambrose Smith, who left it in Dublin until 1912, when Tom K. Smith had it brought to St. Louis.



On a warm Summer day members of the Bowery Savings Bank main office staff chartered an airliner for a "cooling off" flight. This group of 19 had dinner aloft while cruising over Long Island Sound and New York City



BANKING

J. P. WENINGER, vice-president and trust officer of the Allenton (Wisconsin) State Bank, this Summer hung up a record in another field—he wrote 125 life insurance policies in five weeks.

For some time Mr. WENINGER has been selling "a little" insurance on the side. Last year his catch was only four contracts.

In June, as the result of attending an agency dinner in Oshkosh, he got the inspiration for his phenomenal feat and decided he'd write 10 policies in June. Then he entered his company's sales contest running from June 9 to July 12. So he increased his quota. He worked after hours and far into the night. On June 26 alone he made 10 sales in five hours; by July 8—with four days to go—he'd rolled up a total of 61, and then he set his goal at 125 lives.

At the end of the contest Mr. WENINGER took a short vacation from the bank and devoted his full time to selling life insurance.

Everyone in Allenton (population 300) knows Mr. WENINGER and wanted to help. Many of the prospects were the farmers and their families. Eighty-five of his new policyholders were under 25 years of age.

★

E. B. COLL, vice-president, Farmers Deposit National Bank, Pittsburgh, on September 6 rounds out a half-century of service with his institution. Mr. COLL is one of banking's most popular veterans. In the 50 years since September 6, 1891, when he entered the bank's employ, he has witnessed great changes and has had a multitude of interesting experiences.



MR. COLL

He tells, for example, why the numbers on the windows in the bank's savings department jump from 12 to

14. It was to the missing number 13 that some years ago came a fanatic who threatened to blow the bank up unless the teller handed him a large sum of money. When the teller refused the fanatic carried out the threat, with serious injury to a goodly part of the department's staff.

Mr. COLL was for some years president of the bank's affiliate, the Farmers Deposit Savings Bank and when the two institutions were merged about 10 years ago he became vice-president of the parent institution. He has been chairman of the protective committee of the Pennsylvania Bankers Association for a decade.

When in a final 38-hole match (two extra holes) Vic Ghezzi triumphed over 1940 champion Byron Nelson, the Professional Golfers Association championship went down in history as the most successful and most stirring of the star-studded annual tournaments of the pros.

The man who had most to do with the success of this event, which was held over Denver's Cherry Hills Country Club, was BRUCE BIGELOW, assistant vice-president, Denver National Bank.

As chairman of the 1941 PGA Tournament, Mr. BIGELOW turned in a job that was a masterpiece of organization and effectiveness.

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CHARLES L. BRAINERD, cashier and a director of the First National Bank & Trust Company, of Marquette, is rounding out 54 years as a Michigan banker and has recently observed his fiftieth anniversary with the First National. He began his banking career at 17 with the First National Bank of Vassar.

Mr. BRAINERD is a former chairman of Group 1 of the Michigan Bankers Association, is a 33rd degree Mason, and, because of his keen knowledge of investments, for the last 20 years has been chairman of the finance committee of the Grand Chapter of Royal Arch

Masons of Michigan. He also is a member of its executive committee.

Mr. BRAINERD came to the First National four months after Executive Vice-president E. S. BRICE joined its staff. Together they have participated in the growth and expansion of the bank, which today has more than \$5,500,000 in resources, and is the largest and oldest bank in the Upper Peninsula and the twelfth oldest in Michigan.



Most of us never get over childhood desires, yet few of us have the courage to carry them into action when the op-



ARCHITECTS AND ENGINEERS DEVELOP 50 PATTERNS OF GREATER HOME VALUES



Guide Posts to Greater Security for the Investment Dollar

Homes that endure as a sound investment are easier to identify as a result of the fifty patterns of modern homes. These patterns illustrate how homes can meet proved basic requirements in design, room arrangement and construction — how they can be designed and built for charm, convenience and low upkeep.

To help the vast numbers of prospective home owners get greater all-round home value, Weyerhaeuser developed the 4-Square Home Building Service. It was felt that the easiest way to help people plan good homes was to place before them outstanding examples of good design and sound, economical construction. Accordingly, 26 leading American Architects were commissioned to cooperate with Weyer-

haeuser Engineers and design 50 patterns of modern homes.

Never before has so much talent been coordinated on a single project. Architects are responsible for exterior design and inside planning. Engineers specified the most economical building material — illustrated how to get strong foundations, solid framing, rigid bracing — showed how to join lumber together to get an enduring home of high resale value.

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With these home designs, Weyerhaeuser is endeavoring to point the way to greater consumer value through better design, construction and materials. These Fifty 4-Square Homes are varied in size, style and price. They are F.H.A. approved. They can be built as they are or used as patterns for modification or rearrangement. We'd like to send you the Book of Fifty 4-Square Homes — and the High Cost of Cheap Construction, a clearly illustrated presentation of the right way to build. Write today!



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Improved, ready-to-use 4-Square Lumber is the best and most economical material for home construction. Correctly seasoned and available in a species and grade for every structural need. It is precision manufactured. Exact lengths and sizes eliminate needless sawing, fitting and material waste. This saves time and materials in construction. Its squared ends and edges make for tight joints, full bearing and better workmanship.

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portunity presents itself. G. WYLIE OVERLY, cashier, Mount Pleasant (Pennsylvania) State Bank, is the exception. As a boy he had a great love of circuses and an overpowering desire to be a circus performer. He did something about it — for two weeks in each year he is a circus performer.



Banker Overly

GIMBEL

Each year Mr. OVERLY spends his vacation period as a circus clown. He has rare talent and is highly popular both with the audiences and with the show people. During the past five years he has traveled in seven states with six different shows. This year he spent one week with the Russell Brothers Circus, and the other with Ringling Brothers in Chicago.



Clown Overly

During the Winter Mr. OVERLY makes his own props and works on new "gags" for his coming season under the big top. He also lectures frequently on circus life. Currently he is president of the Westmoreland County Bankers Association.



R. E. DOAN, managing editor of *The Bankers Magazine*, New York City, for

BANKING

the past two and a half years, has resigned from that post to join the Harlan L. Shattuck Financial Advertising Service in Denver, Colorado. He will head the bank division of the Shattuck organization, which serves banks and other financial institutions in 47 states, Hawaii and Canada, producing a full line of coordinated window displays, newspaper ad mats, lobby posters, etc.

Mr. DOAN is well known in the financial advertising field, having been director of public relations for The Denver National Bank, Denver, Colorado, and editor of *The Denver Banker* before leaving for an extended world tour in 1937-38. He is co-author of "Increasing Personal Loan Business"; author of a weekly column in *Liberty*, and of numerous articles appearing in *BANKING* and other financial publications in past years.

★

G. E. GRAF, trust officer and assistant cashier, City Savings Bank & Trust Company, Alliance, Ohio, literally played a dual role at his daughter's wedding.

After walking down the aisle for the "giving away" ceremony, he hied himself to the organ loft to conduct the choir and play the organ for the balance of the service.

Mr. GRAF has been organist and choir director at St. Joseph's Catholic Church for 32 years. However, his musical artistry is not confined to organ music alone. He toots a French horn in a municipal band and in the local symphony orchestra and is active in the management of both.

People of Alliance know Mr. GRAF also as a valuable citizen on other counts. He is for example, on the boards of the Carnegie Library, the Red Cross, and the YMCA; he is vice-chairman of the Boy Scouts Council, state officer of the KofC, member and secretary of the Civil Service Commission of Alliance, and a past president of the Kiwanis Club.

Mr. Graf



September 1941

Why Banks Recommend Credit Insurance

IN order that Commercial loans can be given maximum protection, thousands of banks throughout the country urgently recommend their manufacturer and jobber clients carry CREDIT INSURANCE.

Many banks **INSIST** on it.

Not mere self-interest, but prudent business foresight dictates this attitude.

One large credit loss might well jeopardize not only the single loan involved—but might even wipe a good customer from the books for all time.

Credit Insurance puts a definite cash value on a borrower's receivables, and permits a bank to render a better and more effective service. Although policies of Credit Insurance are not assignable, it is possible to have all loss payments made to any Bank or Trust Company.

Wouldn't it be well to investigate, in detail, the benefits of **AMERICAN CREDIT INSURANCE** to banking as well as to business in general?

Our representative will gladly call, at your convenience. Meanwhile, we suggest you write Dept. 9-K for our interesting brochure "An Exposition of Credit Insurance in Relation to Commercial Banking."



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MARJORIE SHUTTS, secretary to William A. Harman, vice-president and comptroller of the National City Bank of Cleveland, has a very interesting hobby.

It is the collection of miniature wood carvings of figures of animals and people. She has over 100 in the collection at the present time representing at least a dozen countries. Some of these have been purchased in the United States, but many have been sent to her by friends who were traveling abroad. So many of her friends are now interested in what she is doing that scarcely a week goes by that she does not receive from some place a new item for her very interesting and colorful collection.

PETER ZIEGEL, president of the Farmers & Merchants National Bank of Nashville, Ill., recently celebrated two milestones—his 95th birthday and the 71st anniversary of his entering the jewelry business, shortly after reaching America from Germany.

Mr. ZIEGEL was elected president of the Farmers & Merchants in 1909, after 39 years as a jeweler in Jacksonville and Mason City, Ill. He goes to the bank daily and his arrivals and departures are so punctual that merchants of Nashville claim to set their clocks

"Jack-in-the-Pulpit" is the title of this float which won a first prize for The First National Bank of Portland, Oregon, in this year's Rose Festival



PHOTO-ART
BANKING

IOWA-DES MOINES NATIONAL BANK & TRUST COMPANY

DES MOINES, IOWA

MEMBER FDIC

by his comings and goings. In, the absence of employees, Mr. ZIEGEL may be found filling in for them.

He is the oldest person in Nashville and is the only surviving member of the town's school board, to which he was first elected in 1876. He also has served as a member of the city council, as county treasurer, and was a five-term Mayor.

Mr. ZIEGEL has been a member of the Odd Fellows and the Masons for more than 70 years. He is in good health, enjoys his work and associations with the townspeople, and has no plans for retirement.

★

A few years ago ELEANOR STEBER, talented daughter of W. C. Steber, cashier and trust officer of the Bank of Warwood, West Virginia, left her home in the Wheeling suburb to study music at the New England Conservatory of Music in Boston. She returned to Wheeling recently as the central figure of a civic celebration such as is accorded only to a city's most famous sons and daughters.



During her absence she had climbed the ladder of musical success. The former soloist of the Second Presbyterian Church of Wheeling was now a Metropolitan Opera star. Her voice and acting had made her Metropolitan debut an event of the 1940-41 season. She was introduced as Sophie in "Der Rosenkavalier" winning high praise from the critics.

Between opera engagements she sang many concerts throughout the United States.

★

JOHN LEGIER, president, American Bank & Trust Company of New Orleans, recently celebrated his 29th anniversary as a banker. An unusually large number of the officers, directors,

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CHARLES ELSEY	C. O. G. MILLER
B. R. FUNSTEN	ROBERT W. MILLER
A. CRAWFORD GREENE	GEORGE G. MONTGOMERY
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J. R. KNOWLAND	HERMAN PHLEGER
DANIEL E. KOSHLAND	BEN F. WOOLNER

MEMBER FEDERAL RESERVE SYSTEM

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and staff of the bank have been with Mr. LEGIER since he became associated with the old Exchange Bank and Trust Company in 1912.

Sam Herbert, the bank's porter, was with Mr. LEGIER at the Exchange and followed him to the Whitney Trust & Savings Bank when the banks united.

That morning in 1924 when Mr. LEGIER went to the American as president the first person he saw was Sam, sweeping the floor. "What are you doing here, Sam?" he asked. "Well, boss", the darky replied, "I heard you left the Whitney, I belongs to you, so I nacherly follows to where you is at."



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Mr. and Mrs. ALBERT CURRY, Jr., above, gained wide publicity as a result of entertaining 400 neighbors at a national unity party, with talk of war taboo, at their Pittsburgh home. The invitation list was composed of men, women and children—numbering 2,500—in the Curry election district. Mr. CURRY is an employee of the real estate department of the Union Trust Company in Pittsburgh. Headlines brought Curry a guest appearance on "We, The People", broadcast



As a means of providing exhibition facilities for artists whose careers have been interrupted by military service, a soldier-artist exhibition center is being organized in New York City. The chairman of the advisory committee for the project is CLINTON W. PARKER, assistant secretary, Dime Savings Bank, Brooklyn. PHILIP A. BENSON, president of that bank, is a committee member.

It is expected that the first New York



Mr. Parker, left, with Private Samuel Prager, 104th Engineers, Fort Dix, who submitted for exhibit the picture the banker is holding

exhibition will be held from September 15 to 30. Later about 50 pictures will be selected for the first soldier-artist traveling exhibition.

There's Plenty of Mortgage Money

THE supply of mortgage money for new home building and real estate improvement continues extremely favorable, on the whole, says the semi-annual survey of the real estate market made by the National Association of Real Estate Boards.

Some geographical differentiation in money costs is still to be seen, asserts the survey report covering 211 cities. In 80 per cent of the cities, however, capital for realty investment is available in excess of loans, while in only 5 per cent are loans seeking capital.

Interest rates are steady in 83 per cent of the reporting cities, falling in 15 per cent, rising in 2 per cent. A standstill in mortgage money rates prevails in every reporting city of over 500,000 population, and in all recorded cities in New England and the Northwest.

The commonest interest rate at which first mortgage loans are now being made on new moderately priced homes is 5 per cent or less in a great majority of the cities. In 52 per cent of the surveyed cities 5 per cent mortgage money for the home buyer is the usual rate. In 16 per cent of the cities the commonest rate is 4½ per cent. With some cities citing a single figure and others a range, 57 per cent of the reporting cities had a common interest rate no higher than 5 per cent. Almost three-quarters of the cities have no rate commonly prevailing that is higher than 5½ per cent, and only 2 per cent cite a rate higher than 6 per cent as common. But 26 of every 100 say 6 per cent is dominant.

"Of particular public importance in view of the need to maintain new construction to take care of defense workers and to maintain a balanced rent situation," said the association, "are replies to this question: Are residential rents in your community now sufficient to justify rental housing investment at today's construction costs?"

Residential construction costs, the survey found, have increased within the last six months in 99 per cent of the reporting cities and in 100 per cent of cities in the defense areas. Rents for single family dwellings have advanced as against a year ago in 62 per cent of the cities of the country and in 81 per cent of cities in defense areas, and rents for heated apartments have stiffened in 54 per cent of all reporting cities and in 69 per cent of cities in defense areas.

A RECENT SURVEY indicates that among commercial banks, this institution handles the largest daily volume of transit items in the country.

This fact has more than a statistical interest.

Business seeks and flows naturally toward that agency which can provide the most efficient service. The greater the volume, the lower the costs.

You will save time and money by sending your items to us.

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who sees in today's conditions a broadened opportunity to secure fiduciary appointments from persons becoming increasingly interested in transferring their estates economically and in making their families' financial future secure — contact invited by The Purse Company, for trust officer's immediate consideration of tested methods of turning this new opportunity into steadily-growing trust department earnings. Address: THE PURSE COMPANY, Chattanooga, Tennessee.

A Bank's Current

G. FRED BERGER

In this article, Mr. BERGER, treasurer of the Norristown-Penn Trust Company of Norristown, Pennsylvania, tells how the employees of that bank prepared themselves to answer questions of customers and others about inflation.

THE April 12 issue of the *Saturday Evening Post* carried an article by Harry Scherman, entitled "Will We Have Inflation?" It contained, in fairly simple language, a discussion of the subject and included also clearly defined recommendations as to certain activities which could serve to offset trends toward inflation. Mr. Scherman suggested that dissemination of this information among the general public would be of value, and particularly recommended that contacts be made with our representatives in Washington which would be effective to show that their constituents are interested in the problems surrounding this question.

We have been holding staff meetings for discussions of current conditions at reasonably regular intervals—sometimes once a month, sometimes as often as successive weeks for a short period—and in order to provide a basis for a discussion of Mr. Scherman's article, an analysis of it was made, a copy of which was in turn made available to each staff member.

IT is our policy to call staff meetings whenever either a change in regulation or a change in banking laws will require alteration of our approach to our customers. Attendance at such meetings is compulsory, for at that time the changes are made clear along with the manner in which they will affect our contact with the public, and reasons are also given so that as the changes become effective, our staff members will understand why and can impart that knowledge to our customers.

However, when staff meetings are held for a discussion of general matters, such as the Scherman article, attendance is not compulsory and only those having an interest in the subject are usually present. However, out of a total staff of about 80 who would have an interest in current conditions, the average attending is somewhat in excess of 40 per cent.

In the instance of the discussion of the analysis of the Scherman article, five meetings in all were held—four during June and a final review the middle of July. At each of these meetings the writer discussed a portion of the analysis of the Scherman article, after which the meeting was thrown open for questions, the entire length of the meetings averaging about 45 minutes.

THE discussion was quite active and all in attendance seemed to enjoy the opportunity for group consideration of this important problem. As proof of this, the attendance at the review meeting, which was held almost a month after the last regular meeting, and was fairly near the average although it was in the midst of our vacation period.

As a result of this series of meetings, at which all our tellers were in attendance, it was agreed that those attending were in a position to discuss the subject reasonably well and particularly to answer questions regarding the more important points, it being always our understanding that where a question is asked one of our staff members and where that mem-

Events Class

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*... until you can answer YES
to these Four Questions*

ber is not sufficiently sure of his answer, he will reserve answer until contact is made at the bank where the answer will either be given or obtained from outside sources if we do not feel sufficiently certain of our information.

As a further result of our discussion, a number of our staff members are writing directly to our Congressmen and Senators, and because of their discussion with others, undoubtedly a number of our friends will also be writing. That this may have any effect on tentative policies is, of course, easily to be denied unless, through the cumulative effort of similar meetings and discussions throughout the country, a sufficient understanding of the problem at hand will be imparted and disseminated; if such contacts with legislators at Washington were received from all parts of the country in sufficient number, their effect would undoubtedly be not only important but might also be reasonably conclusive.

At any rate, we have done what we could as an institution toward a proper dissemination of this information and we are hopeful that banks throughout the country have been doing the same thing, for without such activity in support of sound fiscal measures, it is difficult to see how legislators who are being hounded by pressure groups can do other than to follow, unless they are satisfied to sacrifice their political careers to the carrying out of their duties as they see them. Certainly a legislator should not be asked to make any more personal sacrifice than is necessary and the reasonable support of his constituents will enable him to take a sound position without personal embarrassment.

“Don’t Count Your Profits Now”

THE most effective methods of preparing business to meet the burdens of new taxes and wartime readjustment are outlined in a bulletin sent by the New York Credit Men’s Association to its 2,200 members.

“Essential to safety in these times,” says the association, “are adequate reserves. You can’t calculate accurately how much of your profits will go for taxes; you can’t tell how much cash you will need to meet sudden changes in your business caused by the defense program. Your only protection is a strong current position.

“Don’t count your profits now. Don’t distribute them without providing for the heavy taxes you will have to pay next year.

“This is the advice of the officers and board of directors of your association: Buy the new interest bearing tax anticipation securities to be issued by the United States Treasury or build up strong reserves for taxes after consultation with your accountant.

“The first course is better: You will help finance national defense; you will receive an income from your reserves.

“Examine carefully new extensions of credit; collect slow accounts; avoid speculative commitments. If you do this it will help you to keep your business on an even keel, regardless of conditions.

“It’s up to credit men to hold the financial line of defense against the uncertainties of the future.”

1 Am I getting the best lighting for my business, competently planned by lighting engineers?



“How much light do I need? How much can I afford to spend and what results can I expect from this cooler, more efficient, new light source?”

Don’t guess. Ask your G-E lamp distributor. He has behind him all the engineering resources of General Electric. He can call in local engineers, averaging 16 years experience with General Electric, for help and advice so essential to the proper installation of fluorescent lighting. Your electric service company can also give you sound, up-to-the-minute help.

2 Am I getting a sufficiently wide choice of fixtures so that I can select exactly the ones I need?



“Have I looked over enough fixtures to be able to choose the ones that suit me? Am I getting fixtures on the basis of the amount of light I need, rather than on price alone?”

Ask General Electric! G. E. makes no fixtures for MAZDA F lamps, but cooperates with leading fixture manufacturers to assure fluorescent units geared to your requirements. More than 100 different types of tested, certified, guaranteed fixtures are now available. Your G-E lamp distributor carries many of them. See his complete line!

3 Am I getting fixtures I can depend on for top-notch lighting and trouble-free operation?



“Will my fixtures start quickly, work efficiently, stand up under long usage? How can I be sure?”

Insist on tested, *Certified*, guaranteed fixtures such as those with Fleur-O-Lier label or industrial fixtures with RLM label. Fleur-O-Lier fixtures are tested and certified by Electrical Testing Laboratories to meet specifications set up by MAZDA lamp manufacturers. You get a written Fleur-O-Lier manufacturer’s guarantee; and fixtures, ballasts, and starters that help give full light for current consumed.

4 Am I getting lamps that will give maximum light throughout life for the current they consume?



“Will the fluorescent lamps I buy give maximum light throughout life at low cost? Can I get the same high quality which has made G-E MAZDA incandescent lamps a standard of performance?”

You can if you specify G-E MAZDA F lamps! . . . lamps that must pass hundreds of tests set up by MAZDA research. Today G-E MAZDA F lamps give up to 40% more light than a few years ago when MAZDA research produced its first practical fluorescent lamp. Yet at today’s new low prices, they cost as much as 52% less.

These questions and answers are the key to a new force in American business . . . a new, ultra-efficient light that when properly installed can step up sales, increase production, and improve morale almost overnight! Before you make this important investment, see your G-E lamp distributor.

G-E MAZDA LAMPS
GENERAL ELECTRIC

Taxation of Safe Deposit Boxes

THE imposition of a 20 per cent Federal tax upon safe deposit box rentals will result not only in the failure of the Government to raise the additional revenue anticipated, but will come close to crippling the safe deposit business, according to a letter to Roy Blough, director of tax research of the Treasury Department, by George F. Parton, president of the New York State Safe Deposit Association and member, National Safe Deposit Advisory Council.

Mr. Parton's letter to Mr. Blough supplemented his earlier testimony before the Senate Finance Committee in opposition to increasing the safe deposit tax from 10 to 20 per cent and is based upon a comparatively recent survey which revealed that of the approximately 11,000,000 safe deposit boxes in the United States, only 40 per cent, or 4,400,000, were rented.

The letter by Mr. Parton to Mr. Blough follows, in part:

"According to the above mentioned survey the average rental paid on those 4,400,000 boxes was \$4 per annum. It has been estimated that those who rent these boxes averaging \$4 per annum constitute approximately 90 per cent of all the box renters in the United States.

"The survey also states that 87.2 per cent of all box renters place insurance policies in their boxes; 67.5 per cent place deeds to real estate; 57 per cent place wills; 36.7 per cent place contracts; 35.1 per cent place jewelry; and lesser percentages apply to cancelled checks, income tax returns, heirlooms, birth certificates, etc.

"Another point brought out in the survey is that 42.5 per cent of all box renters have locked boxes of one form or another in their homes . . .

"It is stated that 44 per cent of the box renters also keep personal possessions in their office safes . . .

"In the opinion of safe deposit and bank officials throughout the country a 20 per cent tax on safe deposit box rentals will react as definite sales resistance against the purchase of Defense Bonds, inasmuch as there will undoubtedly be many who would purchase those bonds if they had a safe deposit box to put them in, but who would refrain from purchasing them if they had no safe deposit box. This statement is taken from the experience of the World War when most of the Liberty Loan Bonds sold at that time were placed in safe deposit boxes . . .

"Purchasers of Defense Bonds should not, in our opinion, be taxed for protecting them.

"The safe deposit business generally has been on the decline ever since the tax on box rentals was first imposed in 1932 from the Internal Revenue Department.

"In our opinion, although we have no specific facts to substantiate it other than plain human nature, if the 20 per cent is imposed those who have the larger sized boxes, as well as those who have the small ones, will examine them with the view of placing the contents in smaller boxes. This procedure will operate all along the line from the company or firm which rents a \$500 box on down to those who rent the \$3 box . . .

"A further falling off in business, which unquestionably will follow the increase in the tax to 20 per cent, will result in less corporate income taxes paid to the Government by the safe deposit companies."



BANCO ITALIANO LIMA

Capital and Reserves S/.24,847,408.69

HEAD OFFICE: LIMA

Branches

ABANCAY	CHICLAYO	MOLLENDO
AREQUIPA	CHIMBOTE	MOQUEGUA
AYACUCHO	CHINCHA ALTA	NASCA
AYAVIRI	HUACHO	PACASMAYO
BARRANCA	HUANCAYO	PISCO
CAJAMARCA	HUANUCO	PIURA
CALLAO	HUARAS	PUNO
CAÑETE	ICA	TACNA
CUZCO	JAUJA	TARMA
CHEPEN	MIRAFLORES	TRUJILLO

Agencies in every other place of commercial importance in Peru

Entrust us with

YOUR COLLECTIONS ON PERU



Peru's Oldest National Commercial Bank

Established in 1889

**Serving the
Business that
Builds Baltimore**

SINCE 1894



**MARYLAND
TRUST COMPANY
BALTIMORE**

Member of the Federal Reserve System and of the Federal Deposit Insurance Corporation

The Most Efficient and Lowest Cost Way to File Your Signature Cards Is With

SAFETSTAK
SIGNATURE CARD STEEL FILES
(Interlocking Unit)



SAFE-T-STAK Card Files enable you in one installation or file by file to surround yourself with equipment that will give you unlimited service at low cost per filing inch.

Some of the many advantages you secure with their use are:—Unsurpassed capacity for space occupied . . . Flexibility . . . They can be stacked into one compact battery and securely locked together vertically and horizontally . . . Inside drawers are smooth and flat eliminating all danger of damaging cards . . . They are dust and vermin proof and fire resistant.

You save with Safe-T-Stak—Write for Prices Today

THE STEEL STORAGE FILE CO.

Largest Exclusive Manufacturers of Steel Storage Files

WOOSTER, OHIO

DISTRIBUTORS IN ALL PRINCIPAL CITIES

**Money Orders,
Travelers Checks
at Army Posts**

THE Adjutant General of the Army has authorized post commanders to permit the sale of money orders and travelers checks "by reputable financial organizations", subject to certain restrictions.

Here is the text of a letter from the Adjutant General to all commanding generals and other officers, on the subject.

"1. Reports reaching the War Department indicate that there is a need for the sale of some form of commercial money orders and travelers checks at posts, camps and stations for the convenience of military personnel.

"2. Post commanders are authorized to permit the sale of money orders and travelers checks by reputable financial organizations, either operating independently under post supervision or through the exchanges, with the following restrictions:

"a. If the company operates independently of the exchange and occupies real estate on the reservation on its own account, a license or lease will be required.

"b. If the company operates through the exchange, either of the following arrangements may be made:

"(1) The company may operate under a concession contract with the exchange, occupying premises set aside for exchange use, in which case the contract must make it clear that any commission paid the exchange is in consideration for services and not for use of the premises occupied.

"(2) The exchange may itself, using its own personnel, sell the money orders and travelers checks for the company and receive a commission for services rendered.

"3. The company must be one doing business on a national and international scale, must provide surety bonds for their own and exchange personnel who are responsible for handling orders or cash and must assume responsibility for any losses not covered by the surety bonds.

"4. When the company operates through the exchange, the sales of money orders and travelers checks are limited to individuals authorized by AR 210-65 to purchase from exchanges."

**THE
NEW YORK TRUST
COMPANY**

Capital Funds . \$37,500,000

100 BROADWAY

**MADISON AVENUE
AND 40TH STREET**

**TEN
ROCKEFELLER
PLAZA**



*Member of the
Federal Deposit
Insurance Corporation*

**More light for banks
with HIGH CEILINGS**



**with new Wakefield
GENERAL (A Certified
Fleur-O-Lier)**

How to get more light on desks and cages used to be a tough problem for banks with high ceilings. Wakefield's new GENERAL, using 100-watt fluorescent lamps, solves it: helps make seeing easier, faster and more accurate. A Certified FLEUR-O-LIER, the GENERAL meets 50 rigid specifications for good light—safe, satisfactory service. Write for further information and demonstration.

No Obligation

**THE WAKEFIELD BRASS CO.
F.W. WAKEFIELD CO.
91 BANK PARK • VERMILION, OHIO**

AN "On The Ground" BANK

SERVING AMERICA'S VITAL INDUSTRIAL REGION



Smoke pours from blast furnaces in Cleveland's "flats" as steel mills operate at peak capacity.



From downtown Cleveland, Central National Bank overlooks the teeming industrial activity of the Cuyahoga Valley and the Lake Erie waterfront.



Ore boats in unprecedented number are moving down the Great Lakes and up the Cuyahoga River to feed hungry blast furnaces.



For your financial requirements, you want an "on the ground" bank. Central National is located in the heart of America's defense activity . . . in daily contact with the great upsurge of industry in the vital Great Lakes area.

Backed by over 50 years of specialized experience in this area, our expanded organization and facilities assure prompt and efficient handling of your banking needs.



CENTRAL NATIONAL BANK

OF CLEVELAND

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Inter-American Bank

LONG with various government witnesses who testified before the Senate Committee on Foreign Relations on the proposed Inter-American Bank were Walter E. Trent, of the Rocky Mountain Metals Foundation, and Dr. C. E. McGuire of Washington, former board member of the National Bank of Nicaragua and advisor of the Banco de Venezuela. Assistant Secretary of State A. A. Berle and J. C. Rovensky of the Rockefeller office told the senators of meetings the Administration had called with bankers, at which the bankers were told it is not the intention that the Inter-American Bank should compete with them.

Dr. McGuire, however, was none the less apprehensive. He told the committee:

Frankly, I can see very little in this proposal that could not be accomplished by existing machinery, although I must say that if I had to choose between the kind of machinery we now have and a more formal type of machinery, I would prefer a more formal type, but I would not regard it as desirable to put the control of commercial banking in the hands of political institutions to so great an extent as is likely to become the case through the sheer momentum of this institution. If it functions at all, it must soon reach almost astronomical dimensions. . . . If it does not function, then of course the entire adventure has been a very limited success.

IT is proposed by the Administration that, "notwithstanding any other provision of law, the Reconstruction Finance Corporation and the Export-Import Bank of Washington are each authorized to purchase and sell debentures and other obligations of the Inter-American Bank and to make loans to the Inter-American Bank upon such security and upon such terms and conditions as their respective governing boards may determine." The Federal Reserve Act would also be amended so that each Federal Reserve bank:

shall have power to act as depositary, custodian and financial agent for the Inter-American Bank, to establish correspondent relationships with and open and maintain banking accounts for and with the Inter-American Bank, to purchase, sell and deal in, any obligations of the Inter-American Bank, and to effect for or with the Inter-American Bank any transaction which such Federal Reserve Bank could effect if the Inter-American Bank were a member bank of the Federal Reserve System or a bank located in a foreign country.

Defense Bond Salesmanship

Washington, D. C.

THE staff which Secretary Morgenthau has created to handle the Defense Savings Bond and Stamp campaign now occupies a building all its

1st
NATIONAL BANK

— in St. Louis
(Reg. U. S. Pat. Off.)

A key bank in a key city with the resources and facilities to serve your correspondent requirements.

Total Resources Over 300 Million.

FIRST NATIONAL BANK IN ST. LOUIS
Broadway • Locust • Olive

Member Federal Deposit Insurance Corporation

SCHOOL SAVINGS
PASS BOOK SYSTEM
ORGANIZED 1921

Standard Savings Service Inc.
107 SIXTH STREET PITTSBURGH, PA.
OPERATING INFORMATION UPON REQUEST

own in Washington. The results of its publicity work enter virtually every home. Compared with the millions of dollars' worth of free advertising the defense-securities campaign has been receiving, the \$3,326,141 supplementary 1942 budget for the operation of the Defense Savings Staff is a mere bagatelle. A single watch company, according to "Broadcasting" magazine, has set aside about \$500,000 of station-break time for the advertising of Defense Savings Bonds.

Of the DSS's \$3,326,141 appropriation, over \$1,000,000 goes for "personal services." For printing and binding \$1,710,000 is allotted. But not a cent has been appropriated to buy space or time. And not a cent for franking is included in the above figure. The nationwide advertising, often preferred "reader" position, is carried free in thousands of dailies, weeklies and monthlies, in the movies, on billboards, on cards placed in bank windows and on counters, and even in such unexpected places as cardboard milk containers. All this advertising space and time is privately contributed, although the text of the advertising is usually developed by the publicity specialists on the staff of the DSS's information director. The budget calls for five such consulting experts at \$6,500 apiece, and for seven other advertising specialists.

THE Staff runs the largest newspaper syndicate in history. For example, more than 6,000 daily and weekly newspapers are definitely recorded as running the series of DSS quizzes. The quizzes, as well as newspaper fillers and sometimes mats, have been sent to some 10,000 weekly newspapers, including about 850 foreign language and about 120 Negro papers. All trade journals get the savings material. Even editorial cartoons and comic strips are being "drafted" for the same purpose by the Treasury. Special filler material is provided the

daily press. No outlet is overlooked.

Of particular interest to bankers is the special radio campaign relating to savings and loan institutions and Defense Savings Bonds launched late in June. All radio stations received from the DSS a letter expressing the hope that the station could permit a local savings and loan institution to read a DSS-prepared speech. For this purpose a series of 10 radio scripts was prepared by DSS, ranging in length from seven minutes to 15 minutes.



Fidelity & Surety Bonds

Blanket Bonds

Burglary & Forgery

Insurance



**NATIONAL SURETY
CORPORATION**

VINCENT CULLEN
President

DSS Broadcasting Statistics

Description	Number
May announcements.....	80,354
Stations using them.....	804
June announcements.....	73,215
Stations using them.....	822
Round-table broadcasts.....	111
July 4 major speeches.....	175
July announcements.....	69,778
Stations using them.....	830
Five-minute transcriptions broadcast.....	2,124

Government Merchandising

This article reviews some of the methods and media by which Government lending agencies merchandise their services to the public.

Washington, D. C.

Home Owners' Loans

THE Federal Home Loan Bank Board produces a steady flow of releases to the press, usually in the name of one or another member of

the board or as previews of articles in its magazine. These releases, the board's annual report, and the monthly review contain a vast amount of statistical and other information concerning and of interest to savings and loan associations.

The chief, and only regular, publication of the HLBB is the illustrated monthly, "Federal Home Loan Bank Review," attractively printed on coated

paper and selling at \$1 a year. About 1,600 paid copies are distributed and about 5,000 free subscriptions, which is said to be a high ratio as such things go in Washington.

Of special pamphlets, the publicity staff of the HLBB gets out only about five a year. These are primarily designed for use by member associations.

The HOLC, which is part of the Home Loan Bank system, prepares a number of window or counter display cards with the object of aiding its brokers in disposing of HOLC-owned properties. Branch HOLC offices throughout the country get out supplementary folders and other literature of local use. For example, the HOLC at Dallas has issued an attractive illustrated booklet, "Your Home in the Magic Valley of the Rio Grande." The Atlanta HOLC office distributed a leaflet "Why Not Live in Florida . . ." and another, "A Distinctive Home in Florida."

The HOLC "For Sale" sign is made of tin and is colored red, white and blue. It was distributed by HOLC's 10 regional offices to their contract managers and contract sales brokers. Even Spanish-language signs have been used by HOLC in New Mexico and Puerto Rico.

For several years the Federal Home Loan Bank Board's public relations department has conducted and published annual studies of savings and loan business promotional activities and expenditures. In the 1940 survey, more than 830 communities were included. "Association managing officers and boards of directors will use data compiled from these reports as a basis for judging the activities of their own institutions"

In 1939 and 1940 the Home Loan system's public relations department made a study of savings and loan co-

The Riggs National Bank

OF WASHINGTON, D. C.

welcomes the opportunity to be of service to
bankers and their clients in the
Nation's Capital.

Complete Banking and Trust Service

ROBERT V. FLEMING

President and Chairman of the Board

GEORGE O. VASS

Vice President and Cashier

Resources over \$150,000,000

Member Federal Deposit Insurance Corporation

Out-of-Town Banks

Out-of-town banks and bankers will find here complete banking facilities for prompt and economical handling of accounts in Chicago. We would appreciate the opportunity of serving you.

CITY NATIONAL BANK AND TRUST COMPANY of Chicago

208 SOUTH LASALLE STREET

(Member Federal Deposit Insurance Corporation)

This familiar sign was distributed to contract managers and sales brokers



BANKING

operative advertising, the results of which were published in the system's monthly magazine in December 1939 and March 1940. In the second of these articles the public relations department discussed "certain procedures which, if followed, may contribute materially to the success of this type of joint activity." The article advised savings and loan associations interested in joint advertising on analysis of the market, selection of media, appropriations, preparation of the advertising material, and tracing and recording the results.

In 1940 the public relations department made public results of a survey and analysis of the use of radio by savings and loan associations. A further article on promotion appears in the August 1941 "Federal Home Loan Bank Review."

"The Farmer's Own Credit System"

THE Farm Credit Administration undertakes a variety of promotional activities. It publishes a magazine. It engages in radio advertising, including special recordings made by professionals in New York and distributed by FCA in disc form to broadcasting stations. It uses films. Its display of coated-paper pamphlets is a delight to a publicist's eye.

The pamphlets are listed by FCA in a list of publications under several major headings, as follows: General and miscellaneous; farm mortgage credit; production credit; federal intermediate credit banks; credit for cooperatives; federal credit unions. Pamphlets on cooperative activities in turn are listed under 10 different headings, such as "live stock," "fruits and vegetables," etc. Supplementing the printed list of publications, the FCA publishes from time to time a mimeographed list of new circulars, leaflets and bulletins.

The basic activities of the FCA are set forth in separate handy pamphlets of from eight to 20 pages. Of these, Circular No. 1 is entitled "Federal Land Bank and Land Bank Commissioner Loans." "Interest rates are low," the circular advises, and loans are "repaid gradually."

Circular No. 3, "Loans by Production Credit Associations," advertises low interest rates, reasonable costs and promptness of arrangement. Circular No. 5, describing the entire FCA setup, is called "Agricultural Financing" through the Farm Credit Administration. Circular No. 6 is "Loans to Farmers Cooperatives" and Circular No. 7, "The Federal Intermediate Credit Banks." The latter are described as

"a dependable source of seasonal agricultural credit."

FCA's literature, in addition to the usual annual report (a 260-page document) includes, as Bulletin No. 26 of 1938, a useful 334-page book, "A Statistical Handbook of Farmers' Cooperatives," and, as Bulletin No. 6 of 1936, a 129-page volume, "Statistics of Farmers' Cooperative Business Organizations, 1920-1935."

Among the diversified family of FCA illustrated booklets, some of particular interest from the financial standpoint are: "Cooperative Business Association Loans—for Use in Classroom and Discussion Groups"; "Loans to Farm-

ers and Ranchers, 1940"; "Farmers Need Special Credit Facilities"; "The Profitable Use of Farm Credit"; "Short Term Credit—A Good Farm Tool"; "Financing Farmers' Cooperatives"; "Using Your Production Credit Association"; "Farm Production Loans for Use in Classroom and Discussion Groups."

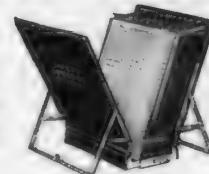
Some additional titles from FCA's list of available reading matter include: "Insuring through Your Farmers' Mutual"; "Using Your Fluid Milk Co-op"; "Using Your Purchasing Association"; "The Principles of Agricultural Cooperation"; "Farmer Co-ops in Georgia."

The FCA also publishes a monthly

Equipment of Interest to Every Banker

Machine Posting Ledger Binder

equipped with Self-attached Posting Rack that folds close to binder covers when not in use. Binder quickly opened and closed with crank key.



ADJUSTO Tray-Binder

"The Ledger Tray that has everything." Used and endorsed by Bankers all over America. Made to fit sheets of any size and with any required capacity.



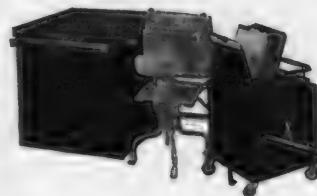
Portable Cabinet Base Posting and Filing Outfit

Current Ledger and Transfer File in one convenient unit. Filing drawer equipped with full progressive suspensions and non-tip device. Made for sheets of any size.



Machine Bookkeeping, Sorting, Posting and Filing Equipment

The popular Machine Bookkeeping Desk used in connection with the ADJUSTO Tray-Binder and Hi-Lo Reference and Posting Stand with built in Transfer File.



See our exhibit at A.B.A. National Convention at Chicago and at the Iowa State Bankers Convention at Des Moines, or write for details.

LEFEBURE CORPORATION

Originators and Manufacturers

CEDAR RAPIDS, IOWA, U. S. A.

32-page illustrated magazine, "News for Farmer Cooperatives." The May 1941 issue contains an advertisement, "The Sign of Dependable Credit Goes Hollywood: Farm Credit Administration Presents a New Sound Picture." This 20-minute film, says the ad, "is ready to show at your meeting, whatever type of farmer group it may be. . . . Simply clip the coupon or write a letter." The coupon indicates that the film may be borrowed in 16 mm. or 35 mm. size.

The magazine carries a notice that it is "issued free to cooperative associations, public institutions, and persons

primarily concerned with furthering the cooperative movement among farmers." For others, the price is \$1 a year.

Electric Homes

GOVERNMENT competition with private lenders sometimes gives rise to complaints. In a statement on retail instalment credit on July 27 the Chamber of Commerce of the United States stated that the Electric Home and Farm Authority, prior to its recent tightening of credit terms, financed domestic appliances like refrigerators and radios with down payments of as little as 5 and 10 per cent. Even its new

terms, said the chamber, "remain more lenient than those which private enterprise are putting into operation for similar types of merchandise."

Compared with many other government agencies offering business services to the public, the EHFA is a shrinking violet, at least if judged by its meagre and modest "literature." For the most part newspaper and radio publicity on EHFA's loan facilities is done by the public utility companies and cooperatives with which EHFA cooperates, and which also act as EHFA's agents in collecting monthly payments from the individual borrowers, along with the consumer's monthly electric bill.

Utility company printed publicity of EHFA financing includes: window stickers (decalcomanias); billboards; posters for use on utility trucks, etc.; newspaper advertisements; stuffers to accompany monthly bills; tags for typing on electrical appliances in sales-rooms; window display cards; etc. A frequent type of newspaper publicity consists of a news announcement of an impending change affecting EHFA loans, surrounded mother-hen fashion, with advertisements of appliance dealers.

Display advertisements of EHFA plans emphasize "small down payments," "long time to pay," "low monthly payments," etc. Convenience is also stressed. "Pay with Your Electric Bill," reads a colored display card of the Virginia Public Service Co. "Sure—you can buy all of these at once, and more too," the Mountain States Power Company claims, and it adds: "Look! EHFA, a Federal agency, provides low-cost financing through approved dealers!"

EHFA's own printed matter includes little more than the 7-page Circular No. 1 outlining its plans and 9-page Circular No. 2, the monthly payment chart. These pamphlets are unpretentious, and carry no illustrations. EHFA officials point with pride to the fact that, operating on capital borrowed from commercial banks, they have accumulated a surplus. Unlike REA, the EHFA does not borrow from RFC. An unusual feature that distinguishes its annual report is a list of the functions and salaries of all employees receiving more than \$1,500 a year.

Among the employees are about 45 field representatives, who work out of EHFA's five district offices, explaining the plans, helping dealers make out financial statements, attempting to clear up serious delinquencies, etc.

(CONTINUED ON PAGE 108)

14 YEARS of Record Growth

indicate how THIRD NATIONAL Patrons—Correspondents as well as Customers—regard the service of this independent unit bank.



STANLEY MAGIC DOORS

Distinguish Your
MODERN
Entrances

Opening at a person's approach, closing after he has passed through, Stanley Magic Doors offer a big plus to modern buildings. They attract attention. They ease traffic congestion. These doors, actuated by a tiny beam of light, distinguish an entrance as nothing else will.

Write for Descriptive Folder which gives all details and user comments. The Stanley Works, Magic Door Division, New Britain, Connecticut.

STANLEY
Trade Mark



STANLEY
MAGIC DOORS
Require No Hand To Open

*PARA AYUDARLE EN SUS NEGOCIOS



The first overseas unit of any American national bank—National City's Buenos Aires branch (founded 1914)

MAKING these five words mean something helpful to American business is a job this bank has been doing for 27 years.

In Spanish they say, "To help you transact business"—and that's the object of National City's widespread Latin-American organization.

National City was the first American national bank to enter this field. Since 1914 we've built up a knowledge of Latin-American relationships that is proving to be of increasing value to business here.

Differences in customs, in banking and exchange regulations are only a few of the problems business faces. To help you, we put at your disposal the experience of more than a quarter of a century, and an organization comprising 41 branches throughout South and Central America and the Caribbean.

This knowledge and experience is at the disposal of American banks through our Head Office in New York, or through Correspondent Banks from coast to coast. In addition, a group of officials at our Head Office is exclusively engaged in Latin-American relationships and is in daily contact with our branches there.

Through these men, these branches and this accumulated experience, we try to put extra meaning into those five words that say:

* "TO HELP YOU TRANSACT BUSINESS"

THE

NATIONAL CITY BANK OF NEW YORK

HEAD OFFICE: 55 WALL STREET

67 BRANCHES IN GREATER NEW YORK

LATIN AMERICAN BRANCHES

ARGENTINA
Buenos Aires
(Sub-branches)
Flores
Plaza Once
Rosario

BRAZIL
Rio de Janeiro
Pernambuco
Santos (Agy.)
Sao Paulo

CANAL ZONE
Balboa
Cristobal

CHILE
Santiago
Valparaiso

COLOMBIA
Bogota
Medellin
Barranquilla

CUBA
Havana
(Sub-branches)
Cuatro
Caminos
Galiano
La Lonja
Caiibarien
Cardenes
Manzanillo
Matanzas
Santiago



ESTABLISHED 1812

Member Federal Deposit Insurance Corporation

BRANCHES, AFFILIATES AND CORRESPONDENT BANKS IN EVERY COMMERCIALLY
IMPORTANT CITY OF THE WORLD

DOMINICAN
REPUBLIC
Ciudad Trujillo
Barahona

LA VEGA
Puerto Plata

MANIZALES
San Pedro de
Macoris
Santiago de los
Caballeros

MEXICO
Mexico City
PERU
Lima

PUERTO RICO
San Juan
Arecibo

URUGUAY
Montevideo
VENEZUELA
Caracas

PANAMA
Panama

URUGUAY
Montevideo

Government Merchandising

(CONTINUED FROM PAGE 106)

Electric farms

THE REA makes loans only to legal persons, namely: cooperatives; public power districts, municipalities, and one county; and private power companies. Its public promotion material is directed almost entirely toward the greater use

DIVIDEND ARMOUR AND COMPANY (ILLINOIS)

On July 24 a dividend of \$1.50 per share on the issued and outstanding \$6,000 Cumulative Convertible Prior Preferred shares of the above corporation was declared by the Board of Directors, payable on October 1, 1941 to shareholders of record on the books of the Company at the close of business on September 10, 1941.

E. L. LALUMIER, Secretary

DIVIDEND ARMOUR AND COMPANY OF DELAWARE

On July 24 a quarterly dividend of one and three-fourths per cent (1 3/4%) per share on the Preferred Capital Stock of the above corporation was declared by the Board of Directors, payable October 1, 1941 to stockholders of record on the books of the Company at the close of business September 10, 1941.

E. L. LALUMIER, Secretary

NOW..
TELLERS' FINGERS
DON'T SKID OR MISS!



WITH THE NEW



"GLASWIK" FINGER-MOISTENER

At last — a finger moistener that makes all others as old-fashioned as the cigar store Indian. The wick is made from 100% spun glass and always stays wet through capillary action. Clean, sanitary — never too much moisture or too little. Will give perfect service indefinitely with minimum bother or care.



Retails at

\$1.00

Order now from
your stationer or
write to us for
sample order

E. W. PIKE & COMPANY
P. O. Box 4, Elizabeth, N. J.

Please ship . . . "GLASWIK" Finger Moisteners. If not satisfied, we may return in 10 days without obligation.

Company
Address
City State
Individual

of electricity. Each month it issues its "Rural Electrification News," a 32-page illustrated monthly, which sells at 75 cents a year. Included in the magazine each month is some new article, subsequently reprinted as a 4-page "throwaway." Their general promotional character is indicated by a few selected titles: "Use Electricity, a Community Asset"; "Install Poultry Lighting"; "See the New Electric Roasters"; "New Profits from Simplified Brooding"; "Of Course, I Take an Active Interest in Our Project."

These circulars advertise the use of appliances which REA finances for cooperatives. The main purpose, however, is to finance power lines and generating stations. The appliances are financed because they help the borrowers repay the power line and generating station loans. There is, to be sure, some duplication in the lists of articles which REA and EHFA finance. REA's funds — \$100,000,000 — now come entirely from RFC, with the annual approval of Congress of the Agriculture Department's appropriation bill.

"No matter where you live"

THE United States Information Service offers a "limited free supply" of its booklet, "Services Offered by Agencies of the Government Concerned with Better Housing on Farms, in Villages, in Towns." The pamphlet states:

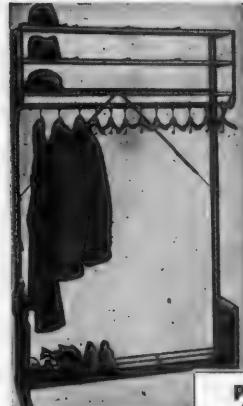
"No matter where you live—in a village—in a town—on a farm—if you need to buy a home, build a home, repair or modernize an old home, an agency of your Government can help you with your problems."

HERBERT M. BRATTER

"Woodman, Go Easy on the Fruit Trees"



THOMAS FROM ASSOCIATED NEWSPAPERS



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● Smart, large capacity "Office Valet" Customers that never tip over.

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Here's new efficiency in wardrobe equipment:

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(Left) PETERSON "Office Valet" Steel Coat-tumers come in 2 to 6-person or 12-person capacities — with space for hats, coats, umbrellas, overshoes. Choice of olive green, brown, "mahogany" or special colors. Also the most complete line of checkroom equipment built.

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BANKING

Aliens' Accounts

THE Farmers National Bank of Salina, Kansas, is including a new question on its signature card.

It is asking customers: "Are you an American citizen?"

Explaining this innovation, J. R. Geis, the bank's president, writes that the decision to revise the card was made after the institution had studied the recently issued book on simplified forms published by the Bank Management Commission of the American Bankers Association.



Resources over \$175,000,000

ESTABLISHED 1908

MEMBER
NEW YORK CLEARING HOUSE ASSOCIATION
FEDERAL DEPOSIT INSURANCE CORPORATION

Mr. Geis goes on to say:

"Having recently received Executive Order No. 8389 issued by the President, requiring financial institutions to freeze certain alien accounts, we have decided to include on our new signature card the question: 'Are you an American citizen?' so that we may have available information as to the nationality of our customers.

"No doubt the larger banks get this information when the accounts are opened, but, in my opinion, the vast majority of the smaller banks do not, and I felt it might be worth while to bring it to their attention through the American Bankers Association or their respective state associations.

"In the future, if we have an account opened by an alien we intend to mark the ledger sheet 'alien account.'"

Spending Priorities

THE need for "priorities in spending" was emphasized by Dr. Henry M. Wriston, president of Brown University and chairman of the Citizens Emergency Committee on Non-Defense Expenditures, in a radio network address.

"In the present fiscal year," he said, "the United States is intending to spend, through the Federal Government alone, about one-fourth of the total national income.

"In making appropriations Congress has been going on the principle of 'business as usual.' If, in past years, there have been Federal appropriations for an agency or any other purpose, they are continued as usual and often have been expanded. That body passed defense appropriations promptly, but has given defense no priority at the public till over other expenditures. Defense and non-defense items, essentials and non-essentials, have been treated substantially upon the same basis by the Government of the United States; and all new demands upon the public treasury occasioned by the international crisis have been pyramided on top of an already staggering load.

"When you struggle to save something, you want some assurance that it is going to remain when the struggle is over. The domestic security of the things we treasure must be guarded all the time the foreign effort is being made. It will be no use saving America from external threats if it becomes insolvent and at the mercy of some other evil."

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Because of the wide interest in this Annual Year Book Issue of BANKING, a limited number of additional copies have been printed.

While they last, extra copies of this important 148-page number may be had for only 25 cents each.

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A penny is a lowly-looking object. It looks even lowlier than it really is when trailed along after some such figure as \$37,965,147,296.01

BUT A PENNY IS MONEY. To the discerning there is a powerful lot of romance packed into the spending of money.

There is romance in a kid saving 5 pennies to buy an ice cream cone on a hot day. There is romance in a boy saving 10,000 pennies to buy a ring for a girl. There is romance (not the movie kind, of course) in posting and proving a bank's daily balance—to the penny. There is romance in a scrub woman saving 1875 pennies to buy a Defense Bond.

And there is a vitally interesting business romance built of experience, insight, courage and faith in the adventures of advertising pennies spent each month in BANKING.

This romance we are going to tell you about. It is the story of our advertisers who invest more than 10,000,000 advertising pennies each year to tell BANKING's readers something about the products and services they represent.

We think you will find it a valuable experiment to explore

with us the contributions these advertisers of ours are making to the progress and security of bank management; to the speed and economy of bank operations.

And in telling why others have found the placing of their advertising pennies in BANKING a profitable ADventure, perhaps this series will be of help to banks and other organizations interested in BANKING as an advertising medium—but whose advertising pennies are not yet at work winning the confidence and friendship of BANKING's 100,000 readers.

► In October we'll tell you of the ADventures of the pennies of a bank, a manufacturer of office equipment and an insurance company in BANKING's pages.

BANKING
JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

22 East 40th Street
New York, N. Y.

A MAGAZINE OF INFLUENCE
AMONG MEN OF INFLUENCE

**Entertainment
at Chicago**

THE entertainment program for the Chicago convention of the American Bankers Association offers a variety of diversion, including a reception, a theater party, luncheons, tours of the city and the inaugural ball.

Details of the social features, received too late for inclusion in BANKING's News Paper (page 139), follow:

September 28—Reception in grand ballroom, Stevens Hotel, with music, 4 p.m.

September 29—For a limited number of ladies attending the convention a tour through the Kraft Cheese factory has been arranged. The same trip will be repeated on October 1.

September 30—A luncheon for the ladies at the South Shore Country Club.

An all-star show takes place in the evening in Orchestra Hall, an air-conditioned theater.

October 1—Reception hour arranged by the Chicago banks in the grand ballroom of the Stevens, 5:30–6:30 p.m., for all delegates and their ladies.

October 2—A tea for the ladies at the Edgewater Beach Hotel in the afternoon. In the evening the grand ball at the Stevens follows the inaugural ceremony.

The entertainment committee, of which William H. Miller, City National Bank & Trust Company, Chicago, is chairman, has also arranged for tickets admitting delegates to places of interest in Chicago, including the Field Museum, Art Institute, Planetarium.

"The Chicago banks," says the committee, "welcome the opportunity to be hosts to this convention and are doing everything to make the stay of the delegates as pleasant as possible, regardless of the responsibilities confronting the bankers in these trying times."

A.B.A. Golf Tournament

THE annual A.B.A. golf tournament will be continued, as usual, through the four days of the convention.

Play at the Olympia Fields Country Club will conclude Thursday afternoon, October 2, permitting participants to take part at the most convenient time.

Cards of introduction will be issued by the golf committee at its booth in the Stevens. A pamphlet giving detailed instructions will be issued to all delegates when they register.

Richard A. Aishton, Continental Illinois National Bank and Trust Company, is chairman of the golf committee.

Beyond "V" Day

PHILIP A. BENSON, President, Dime Savings Bank, Brooklyn, New York, in a radio address.

TODAY the United States stands at the crossroads of its past and its future. We are living in a time such as only our distant forebears ever knew. But national defense is in competent hands. Every day brings progress in overcoming an emergency of unmatched scope. I believe that the demands made upon all of us individually have aroused a spirit somewhat latent within our consciousness these latter years. Perhaps it is true that we fell upon easy ways, though we thought them hard enough, since 1929. Still, we did not have any conception of the far-flung calamities visited upon the blighted nations of Europe. Over there, we have seen the impossible come true, before our eyes. But, happily, we have rallied to the call. America is awake. We shall be prepared.

Desirable as it may be to pay the entire cost of national defense out of current earnings, to do so is impossible. The taxes that would have to be imposed would be overwhelming and their purpose would be defeated. True, we must practice self-denial, but we must not tie the hands of business so that it cannot function, nor lay too heavy a burden on those who are providing for families. We need production, not stagnation, and we must ever keep in view the maintenance of a sound economy. "V" day will surely dawn, and no price is too great to pay for it. But we do well to think beyond to the calm which will follow and the problems to be faced then.

WE are familiar with the terms "inflation" and "deflation" and, although we do not fully understand them, we know they stand at opposite poles. They follow each other, always with distressing effects. A simple statement of them might be that inflation results from unusual efforts to exchange cash for goods while deflation results from similar efforts to get rid of goods and acquire cash.

It is the hope and aim of the Government, sustained by business, large and small, and by every thoughtful citizen, to ward off the possibility of an inflation such as resulted from the first World War. Let us put forth our most earnest, our most intelligent efforts, to avoid a repetition of it. The Government is endeavoring to place wise restraints upon undue spending for consumer needs. That means the clothes upon our back, the car in our garage, the washing machine in our laundry. But we are so well supplied that we can afford to wear the old suit a few months longer, to keep the car going another year, to tune up the old washing machine. By so doing, we not only help the Government and industry in preserving essential materials for defense needs, but we shall do ourselves an important service by conserving a part of current earnings to buy Defense Savings Bonds.

The consequences of what we do in the world today will have effects beyond our comprehension. I believe that, in the long run, the principles of liberty will be more deeply implanted and imbedded than ever before. As we progress toward this goal we shall personally benefit to a degree greater than we know by the trials and endeavors of our time. The spirit to save—to invest in Defense Savings Bonds—will not be the least of these benefits. Saving is one of the most natural instincts of man and also of nature itself. Once we thought of thrift largely as protection for the future. That conception remains a basic principle, but nevertheless we save more especially for definite objectives.

Investing in Defense Savings Bonds implies no more than organization of our affairs to that end.



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In these two ways the house built with non-rust Anaconda Metals is a better risk for mortgage money. Freedom from rust-repairs means just that much greater solvency for the mortgagee and that much greater value for the house in later years.

Building materials such as brass or copper water pipe, Everdur copper-silicon alloy hot water tanks, copper sheet metal work and bronze screens, cost so little more than rustable products that, in terms of service rendered per year, per dollar, they are far more economical.



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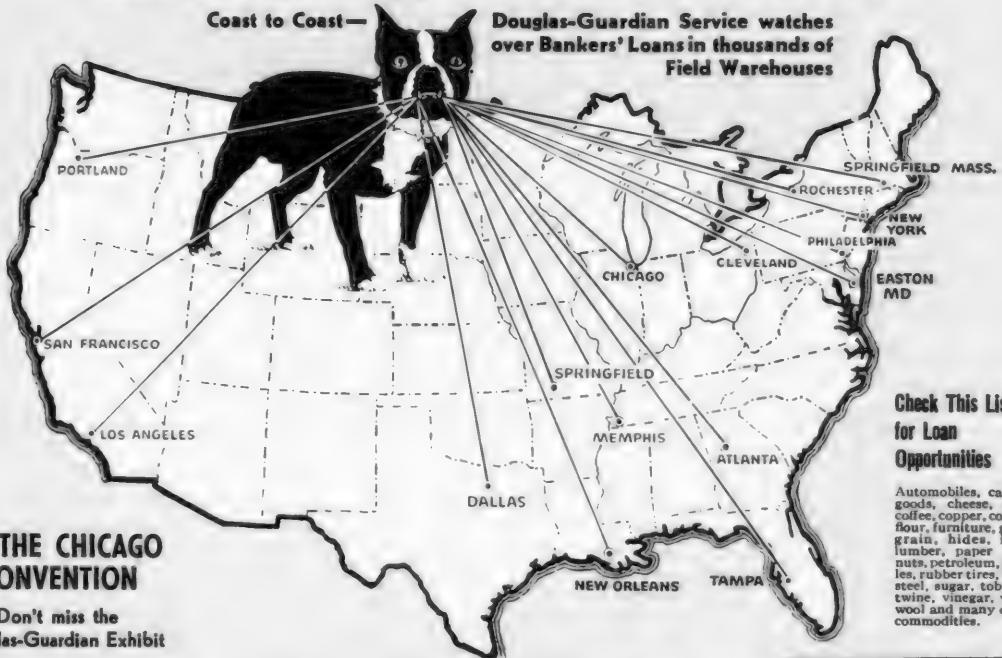




**Releases dollars frozen in inventory —
Multiplies your opportunities for sound loans**

Coast to Coast —

Douglas-Guardian Service watches
over Bankers' Loans in thousands of
Field Warehouses



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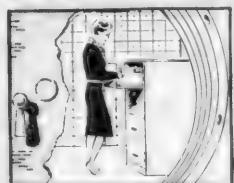
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for Loan
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rubber tires, seeds,
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twine, vinegar, wine,
wool and many other
commodities.

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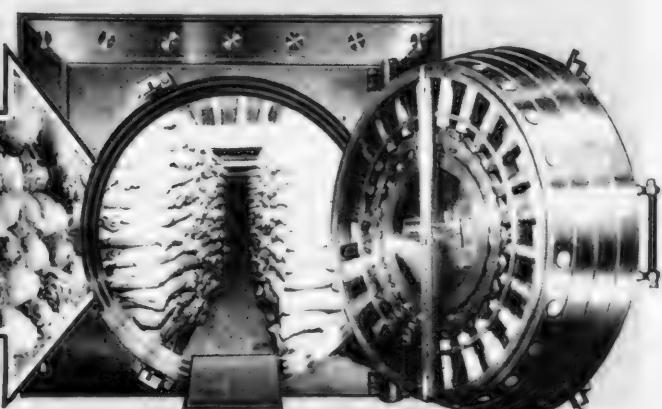
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AMERICA faces a date with destiny. Next month? . . . Next year? . . . No man can say. But this one fact is clear: We have a job to do — a gigantic "all out" job — without delay. For America's production line may prove to be the decisive battle front of freedom. And time is marching double-quick!

American industry and banking have heeded the call and are mobilized to meet the nation's needs. . . . Like other leading banks in key industrial centers, the First Wisconsin National of Milwaukee is fully geared to the new and growing

demands of defense financing. At the same time, the First Wisconsin C-R-S Plan provides a smooth-functioning system of Co-ordinated Regional Service offering unique advantages to national corporations doing business anywhere in this area. With deposits over \$260,000,000 . . . and resources over \$285,000,000 . . . this bank ranks 31st in size among all banks in the United States.

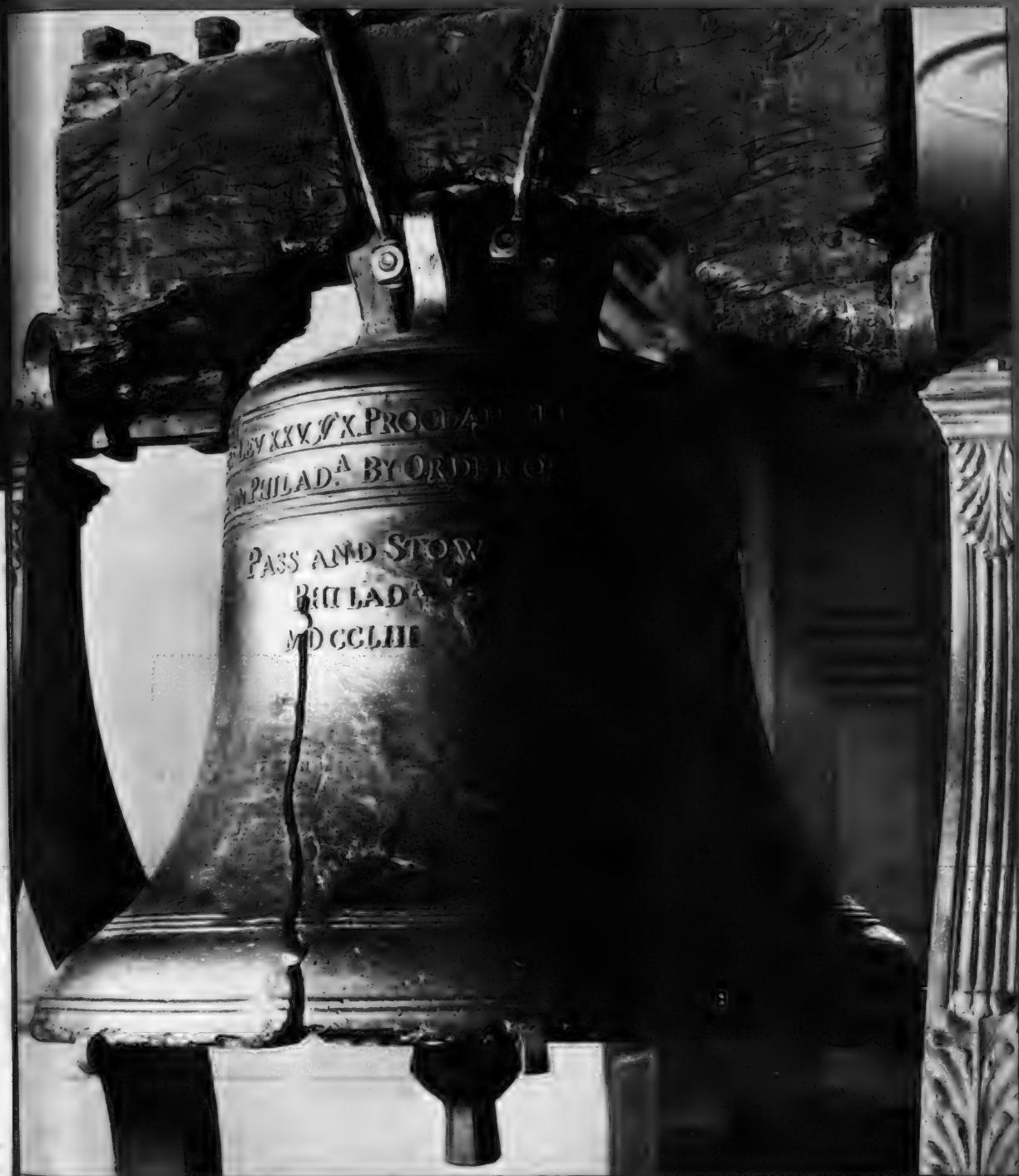


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MEMBER OF THE FEDERAL DEPOSIT INSURANCE CORPORATION

ORGANIZATION

PRESENT DAY BANKING'S PROGRAM OF ACTION



ANNUAL CONVENTION SECTION

"In times like these we occasionally ask ourselves . . ." page 117

WE KNEW CHICAGO WHEN...



In the news of 1889:

The first electric railway in Illinois completes successfully its experimental run.

* * *

Thousands celebrate Memorial Day by following Pullman Bicycle Race from Leland Hotel to 123rd Street.

* * *

Villages of Lake, Jefferson, Hyde Park, and Lake View annexed at election to Chicago.

* * *

Sketches submitted for double deck bridge, to relieve traffic jam of teamsters' wagons on Michigan Avenue.

* * *

Meeting held to discuss the Chicago Drainage Canal.

* * *

Ground broken at 25th Street for South Shore Rapid Transit Lines. The second section of Chicago's "L".

Highway from South Side to Waukegan proposed—to be named in honor of General Philip H. Sheridan.

* * *

Into this alert, progressive Chicago of 1889 The Northern Trust Company was born. Growing rapidly, this bank took its place among those leading Chicago institutions which then, as now, looked into tomorrow and planned for the future greatness of their city.

Today The Northern Trust Company, with its record of many years of continued service to Chicago and the Midwest, exemplifies this spirit of progress. This institution maintains complete, modern facilities for the efficient handling of all banking and trust matters. And year by year its correspondent relationships with out-of-town banks have been strengthened and expanded. Inquiries regarding a connection here are cordially invited.

THE NORTHERN TRUST COMPANY

NORTHWEST CORNER LA SALLE AND MONROE STREETS, CHICAGO

Member Federal Deposit Insurance Corporation

Streamlined for Service

These Times

In times like these we occasionally ask ourselves if the "good old days," the peaceful, serene days of our youth, were normal. The world has been in such a turmoil for so long that we wonder whether man's natural condition is peace or war. Certainly the latter is the great test that determines who and what are to survive.

Whether we go to war or not, we are committed—and I believe rightly committed—to the rearmament of our country on so vast a scale as to give us the strength to maintain our independence and our position in the world regardless of who is victor abroad.

This effort in itself requires a concentration of national resources and resourcefulness, many changes in our thinking, shifts in our productive activity, and expenditures of money that will put a great strain on our economy. Nevertheless, the job has to be done and the money has to be raised.

Our part of that job is the financial part, and we are doing it well. There are no fifth columns in the ranks of banking. As president of the American Bankers Association I know that the country's chartered banking system has been far ahead of the procession in organizing for the national defense program.

A.B.A. Contributions

SPEAKING for a moment of the work our Association has done this year, may I call attention briefly to a few of its important contributions to the defense cause.

As soon as legislation was enacted by Congress last Fall to quicken the defense program, the Association swung into action. It helped the Government to develop a standardized plant facilities contract which greatly facilitated the letting and financing of contracts for new armament plants and enlargement of such plants. Its representatives gave a great deal of help in the development of a supplies contract containing such standardized clauses as would facilitate the letting and financing of the vast variety of supplies required by a modern army and a modern military effort.

A devoted committee of bankers gave a great deal of their time last November to the preparation of a booklet which explains the processes involved in the financing of defense contracts. This booklet, known as Special Bulletin No. 82, is recognized as the Bible of defense lending. But its use has not been confined to banks. Hundreds of copies have been procured and used by manufacturers who have wanted to familiarize themselves with the technique of obtaining defense orders and financing them after they were obtained.

Last November a group of bankers was called to Washington to study banking's relation to the defense program and to set up a nation-wide organization that would familiarize the banks with its requirements and

promote their active participation in it. As a result of this meeting the A.B.A. National Defense Loans Committee was created with members in each Federal Reserve District. I need not go into the details of what that committee has done. Under its leadership, active subcommittees have been set up in every Reserve District and state, and hundreds of meetings have been held all over the country to acquaint bankers with their responsibilities to the defense program.

But the A.B.A. did not rest with this activity. Its officers wanted to know what the banks were doing. And they realized that the public should be told what they were doing. Accordingly, they undertook a high spotting survey of the volume of defense loans outstanding. Since the majority of contracts placed during 1940 were for plant construction and expansion, for airplanes, ships and other big and spectacular things, the bulk of the defense orders up to the year-end were placed in the large industrial areas. Acting on that premise, the A.B.A. asked the country's 200 largest banks to report the number and dollar volume of defense loans they had outstanding December 31 and quarterly thereafter.

Defense Financing

THEN we came to another step in the financial program for the war. The Secretary of the Treasury announced a plan for persuading the public to absorb a large part of the necessary debt by purchasing Defense Savings Bonds and Defense Savings Stamps. Even before the character of the obligation to be issued was decided upon, we offered the services of the American Bankers Association and its members to the Secretary in carrying out his program. At our regional conference in Louisville the details of the new issues were announced. Again, then, we offered our services and the members present at that conference pledged their assistance.

I know bankers are doing all they can to insure the success of this program. In assisting the Treasury there will be no profit. Nevertheless, we are giving our full measure of help.

If we are to devote a large part of our energies to preserving the free way of life and the freedom of enterprise in the world at large, we want to be careful to preserve them at home as well. We shall probably be having to do this under greater difficulties than in the past. This will call for closer day-to-day study of our business and of the changing environment in which it operates. Our bankers associations exist to help us to do this.

Speaking for the American Bankers Association, I can say that the A.B.A. has been streamlined for just this purpose. It is offering more information and more assistance to its members than ever before. And it is providing the personal assistance of its highly trained specialists in the various aspects of banking to its members in the field.

American Bankers Association Leaders 1940-41

P. D. HOUSTON

President of the American Bankers Association
and chairman of the board of the American Na-
tional Bank, Nashville, Tennessee



GREVETONE

H. W. KOENEKE

First vice-president of the Association
and president of The Security Bank of
Ponca City, Ponca City, Oklahoma



W. L. HEMINGWAY

Second vice-president of the Association
and president, Mercantile-Commerce
Bank and Trust Company, St. Louis



B. MURRAY PEYTON

Treasurer of the American Bankers As-
sociation and president of The Minne-
sota National Bank, Duluth, Minnesota



BANKING



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Bank, Parsons, Kansas



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and secretary, New Jersey Bankers
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ANDREW PRICE
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and president of the National Bank of
Commerce, Seattle, Washington



GEORGE T. NEWELL
President, American Institute of Bank-
ing Section and vice-president, Manu-
facturers Trust Company, New York City





W. RANDOLPH BURGESS, chairman, Economic Policy Commission and vice-chairman of the board, The National City Bank of New York



DUNLAP C. CLARK, chairman of the Membership Committee and president of The American National Bank of Kalamazoo, Michigan



KENTON R. CRAVENS, chairman of the Consumer Credit Council, and vice-president of The Cleveland Trust Company, Cleveland, Ohio

ROBERT M. HANES, chairman, Special Committee on Dues Revision, and President, Wachovia Bank and Trust Company, Winston-Salem, North Carolina

In reporting to the member banks on the action of the Executive Council of the American Bankers Association at its Spring meeting in Hot Springs, Virginia, on April 29, 1941, to make permanent the enlarged scope of the Association's activities, Mr. Hanes said:

"Chartered banking has never needed a well organized and representative national association as much as it needs it today. The Ameri-



WILLIAM B. GLADNEY, chairman, Insurance and Protective Committee and vice-president, Fidelity Bank and Trust Company, Baton Rouge, Louisiana



FRED I. KENT, chairman, Commerce and Marine Commission and a member of the board of directors of the Bankers Trust Company, New York City

can Bankers Association, with its new department and the additional services now being provided by its older divisions, is the answer to the need for competent and unified representation of every bank in the country.

"The Association's enlarged program of services to American banking has proved sound and practical. The program deserves and should have the support of all member banks, both morally and financially. In national affairs let chartered banking speak in one unified voice. Your Association is that voice. It represents you."

FRANCIS MARION LAW, chairman of the Foundation for Education in Economics and president of First National Bank, Houston, Texas





FLESHMAN-WAIN

CHARLES H. MYLANDER, chairman, Sub-committee on Taxation and vice-president and trust officer of The Huntington National Bank, Columbus, Ohio



SAMUEL N. PICHARD, chairman of the Public Relations Council and president of the National Manufacturers Bank, Neenah, Wisconsin



BLANK & STOLLER

LEWIS E. PIERSON, chairman, The Graduate School of Banking and honorary chairman of the Irving Trust Company, New York City



BLANK & STOLLER

OTIS A. THOMPSON, chairman, Agricultural Commission and president of The National Bank and Trust Company, Norwich, New York



FRANK M. TOTTEN, chairman of the Committee on Public Education and vice-president of The Chase National Bank of New York



MATAR

CARL K. WITHERS, chairman, Committee on State Legislation and president, Lincoln Nat'l Bank, Newark



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A. L. M. WIGGINS, chairman, Federal Legislative Council and president, Bank of Hartsville, South Carolina



J. HARVIE WILKINSON, Jr., chairman, Bank Management Commission and vice-president, State-Planters Bank & Trust Company, Richmond, Virginia



SHERMAN

121



Question!

PAUL F. CADMAN

\$1,000,000,000,000



The frank and friendly differences of opinion between Professor Stephen Leacock and Dr. Cadman on the federal debt policy were set forth in the July and August issues of BANKING. One of the results has been the formation of a panel to discuss the momentous problems raised by the fiscal policy of deficit financing. This panel will be a feature at the forthcoming Chicago convention of the American Bankers

Association. Dr. Lionel Edie, business consultant; Albert W. Atwood, Washington observer and writer; Earl B. Schulz, first vice-president and trustee of the Bowery Savings Bank, New York; and Dr. Cadman, economist of the American Bankers Association, will participate.

In this article Dr. CADMAN raises some of the questions that will be discussed at the panel.

COULD the Federal Government of the United States now be \$500 billion in debt? Could it be in debt \$1,000 billion?

It has been stated that the gross of all public debt, including federal, state, municipal, and other subdivisions, together with the present corporate debt and all other private debts, is no greater than the totals of corporate and private debts in 1929. Are the 1929 totals a good criterion for judging the safety of the present national debt structure? Is there any essential difference between public debt and private debt? Should the debts of governments be perpetual and without maturity?

In the Federal Reserve *Bulletin* for July 1941 the Treasury reports that the national debt has reached a total of \$47,721 million. This is roughly \$360 per capita. If the current estimates of expenditures are correct, the federal debt of the United States will be \$55 billion by June 30, 1942. If the present national emergency continues for two years, with the benefits of lease-lend authority extended to all the anti-Axis powers, the federal debt could be \$100 billion by June 30, 1943, without a declaration of war on the part of the United States. In a speech before the Senate on the extension of the draft bill on August 6, Senator Claude Pepper is reported to have said, "I venture to say that in less than two years time we shall be spending \$100 billion a year, and that the total cost of this struggle to America will not be a cent less than \$300 billion."

DURING the fiscal year 1940-41 the British Government borrowed approximately \$10 billion, and by the end of May 1941 the total national debt of the United Kingdom was in excess of \$47 billion, which at the current rate of exchange represents about \$1,000 per capita. If the per capita burden is a criterion of capacity, it will appear that we can compound our present indebtedness at least three-fold before we begin to carry our share of the cost of defending democracy; but it must be remembered that the United Kingdom has the vast resources of the Empire with its continental dominions to support the war effort. Assuming, then, that the present debt of the United Kingdom closely approximates the current national debt of the United States,

are there any limits to the amount of debt which these two governments can incur?

Suppose the war should end in victory for the democracies. Would the post-war borrowing requirements pyramid the present national debt of the United States to the fantastic figure of \$500 or \$1,000 billion?

SHOULD the integrity of a government loan be measured by different standards than those which are applied to private debts? When the Government borrows money from its citizens, has it the right to withhold essential information concerning its intentions? If the national debt is to be "an instrument of public policy . . . to regulate the distribution of income," should the Government say so at the time it makes a loan? Does the Federal Government intend to pay this debt, or does it intend to use it as a means of redistributing wealth? Would it be just for the Government to say to the savers and investors of America: "If you will not lend us your savings we will have to take them away from you by increased taxes and forced loans"? If such action were fully justified on the grounds of social expediency, would the Government have the right to say to all who have in good faith loaned it their funds: "Now that we have your savings we will return to you only that which we think is your share in the national wealth"? If under such phrases as "national necessity" and "national welfare" the Government can renounce, modify, or in any way change the provisions of its obligations, should this contingency be frankly stated in the contract?

Prior to the first World War the Federal Government had to meet only \$23 million annually as interest charges on its debts. The expansion of the debt and the higher interest rates brought this amount to \$609 million by 1919. Notwithstanding the fall in interest rates, the subsequent vast increase in the debt has brought the present annual interest charges to a figure in excess of \$1,225 million per year. What percentage of the national income can safely be devoted to meeting the interest on the public debt? Is national income always a measure of prosperity? Is there any essential difference between national income as estimated for 1941 and as calculated in a year when all the productive facilities of the nation

are fully employed in the creation of real wealth? Has the fact that national income is now largely a distribution of purchasing power in terms of money borrowed by the Government anything to do with the inflation which is already here? When the Federal Price Administrator made a public pronouncement before a House committee that inflation can hardly be avoided even though price-fixing authorities are legally established without further delay, was he indirectly suggesting one of the barriers which operate against unlimited government borrowing?

If the Government were able to borrow all uninvested savings and all of the surplus from current earnings, would it then have reached the limit of its borrowing power. If all invested savings and current surplus out of earnings were loaned to the Government, it is patent that none of the savings now invested could be liquidated since there would be no market on which to sell and no purchasing power with which to buy. Having thus exhausted the supply of capital, to what extent could the Government use bank credit without destroying the confidence in the dollar? Is the employment of bank credit by the Government a directly inflationary process? If so, how does it differ from printing press inflation? If the bulk of the transactions in the economy of the country are facilitated by credit, has the Government any obligation to maintain the same validity for credit that it does for money? Whenever the Government indulges in an inflationary practice, does it repudiate directly or indirectly a portion of its obligations?

When the maximum of present savings have been made available to the Government and the maximum

of current income has been taken by taxation or forced loans, and inflation through the use of bank credit has gone to the point where prices threaten to be out of control, can it be said that the limit of federal borrowing has been reached?

It has been said that our money system is the complement of our banking system; that our banking system is the counterpart of our political economy; and that the cornerstone of our political economy has become the federal deficit. If this is so, what will be the effect of a national debt of something between \$100 billion and \$1,000 billion on the banking system? Is it true that virtually the sole function of the banking business has been the financing of the Federal Government for nearly a decade? Is it true that banks have become almost entirely "merchants of debt"? What are the prospects for chartered banking under an economy, the financial policies of which would not only be determined by federal authority, but would be dictated by the necessity of supporting an immense debt structure.

These and many other similar inquiries are under constant scrutiny by the great company of students and analysts whose principal preoccupation is the solvency of the American economy. An entire general session of the forthcoming annual convention of the American Bankers Association at Chicago will be devoted to such questions. It is the intention to look frankly at every issue regardless of its social or political implications, and if possible to shed some light on the direction which our economy has taken since deficit financing became a permanent fiscal policy.

The Panel



Dr. Edie



Mr. Atwood



Mr. Schwulst



Dr. Cadman

Emphasis on Defense

A Sampling of Activities of This Association Year

No president of the American Bankers Association has served during a busier year than has P. D. Houston. . . . First and foremost, of course, has been the defense work, which Mr. Houston outlines elsewhere in this issue of BANKING. . . . And then there's been the job of completing and coordinating the organization of the new departments that were added to the A.B.A. during the presidency of Robert M. Hanes—departments made permanent by action of the Executive Council at the last Spring Meeting. . . . Every officer, every commission, committee, division and section has been busy, busy, busy with studies on various phases of bank cooperation with the Defense Program . . . such as the bulletin on financing contracts, the surveys of defense lending, the advertising copy and other material promoting the sale of Defense Savings Bonds and Stamps, numberless conferences of Association executives with officials in Washington, the organization and smooth functioning of the Association's National Defense Loans Committee. . . . All of which (and much more) doesn't take into account such Association activities as banking conferences, the publication of numerous books and studies bearing on various practical phases of bank management and operations, and (may we add) the appearance of a dozen issues of BANKING.



PICTURES, INC.

President Houston leaving the White House after a recent conference with the President on defense financing

Merle E. Selecman, A.B.A. Advertising Department director, presenting a scrap book with bank Defense Savings Bond advertisements to Harford Powel and Mrs. Arthur Woods of the Treasury's Defense Savings Bond staff



HARRIS & EWING

New York Financial Advertisers Defense Bond panel—left to right, James Rowley, Bankers Trust Co.; Dudley Parsons, New York Trust Co.; R. W. Sparks, U. S. Treasury and vice-president, Bowery Savings Bank; and W. T. Wilson, A.B.A. Public Relations Council director



BANKING



Governor Hoey of North Carolina, left, and retiring A.B.A. President Hanes, right, welcoming Senator and Mrs. Carter Glass to last year's Atlantic City convention



At the Eastern Regional Conference luncheon in New York—President Houston, Executive Manager Stonier, New York State Superintendent of Banks White, and Chemical Bank and Trust Company Chairman Johnston

A session of the Consumer Credit Conference in St. Louis. On the platform, left to right, E. F. Longinotti, vice-president, Union Planters National Bank and Trust Co., Memphis; John H. Lucas, vice-president, Peoples-Pittsburgh Trust Co.; George T. Spettigue, president, Time Plan Service Corp., New York; and Kenton R. Cravens, chairman of the A.B.A. Consumer Credit Council and vice-president, The Cleveland Trust Company



Meetings

Beginning with the annual convention in Atlantic City last September, the Association year has been replete with large and small conferences, panel discussions and clinics in practically every section of the country and dealing with many phases of commercial and savings banking and trust business.

At the larger, more formal meetings—such as the regional conferences in Fort Worth, New York City, and Louisville; the trust conferences in Chicago, New York City, and Seattle; the Real Estate Mortgage Clinic in Cleveland; the first national Consumer Credit Conference under the sponsorship of the A.B.A. in St. Louis; and the national convention of the American Institute of Banking section in San Francisco—bankers assembled to discuss their mutual problems and to explore solutions.

Economists, bankers, Government leaders, business men and industrialists, recognized as authorities in their fields, have given those attending these meetings the benefit of their experience and opinions.

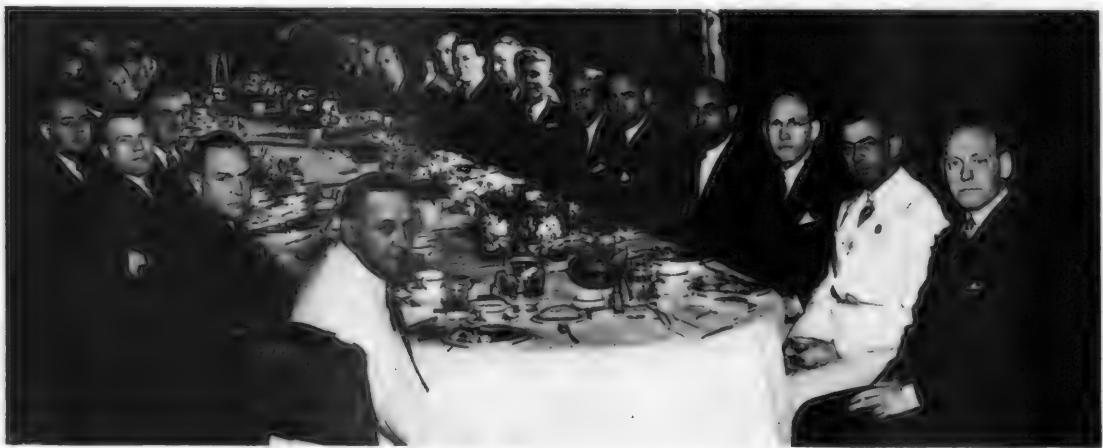
Several dozen of the more informal meetings were held, including membership clinics, bank insurance forums; A.I.B. executive council and regional presidents' conferences; customer relations panel discussions; conference studies with agricultural leaders and small bank groups on land-planning; public relations forums, etc.

Enlarged Program

An important event in the Association year was the Executive Council's decision to make permanent the enlarged program of services, represented by the new departments of Consumer Credit, Agricultural Credit, Mortgage and Real Estate Finance, Customer Relations and the Office of the Association Economist, and expansion of the work of the older departments. . . . Robert M. Hanes, under whose presidency the program was inaugurated, presented to the Council's Spring meeting a report in his capacity as chairman of the Special Committee on Dues Revision in which he said that more than 1,100 new members had joined the Association since the extra services were instituted.



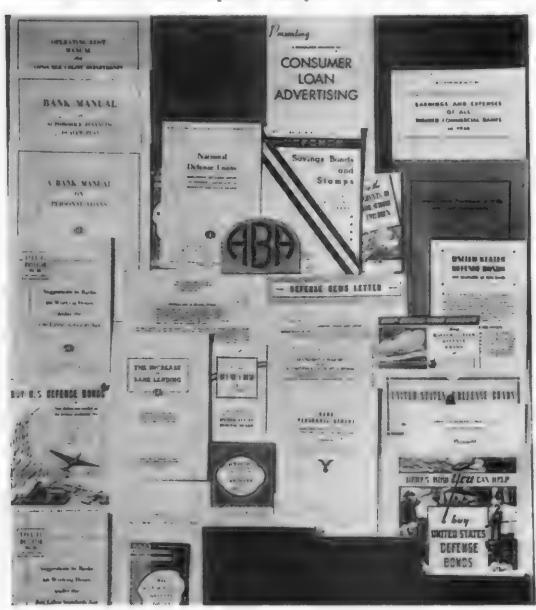
Joint study on banker-farmer cooperation by Tennessee Bankers Association and A.B.A. agricultural leaders at Jackson. Left to right, Dan H. Otis, Frank B. Caldwell, J. G. Faucett, A. G. Brown, Sylvane Freed, and H. Grady Huddleston



HAAS

Luncheon for incoming and outgoing national leaders at the American Institute of Banking convention in San Francisco

This representative group of booklets, advertisements, folders, etc., indicates the scope of this year's A.B.A. activities



MCLAREN

Banking Studies

Factual surveys and findings bearing upon bank services and valuable in charting banking and economic trends have been compiled by various A.B.A. divisions and results have been announced at conferences, through the press, by letter, printed folders, books, etc.

Among these surveys were—census of bank employees . . . all types of loans made by commercial banks . . . defense loans and commitments by large commercial banks . . . personal loan delinquencies . . . simplified forms and procedures . . . earnings and profits of state banks . . . resources of state supervised banks . . . earnings and expenses of insured commercial banks . . . land-use . . . real estate and non-real estate agricultural loans by insured commercial banks and government lending agencies . . . savings bank deposits and depositors . . . savings rates . . . trust studies . . . defense bond advertising by banks . . . extension of universal numerical system . . . field warehousing . . . bank supervision experience.

Books and Pamphlets

Survey results and statements of policies adopted by the various A.B.A. committees during the last year have been published in book and pamphlet form for distribution to the membership. In addition, the American Institute of Banking has revised three texts and produced one new text.

In all 10 bound volumes were completed and published, including: "Paton's Digest, Volume I"; "Digest of Bank Insurance"; "Simplified Banking Forms and Procedures"; "Building Business for Your Bank"; and "Proceedings, Consumer Credit Conference 1941."

Several dozen booklets and pamphlets were compiled and distributed. A few will suffice to indicate their scope: Special Bulletin No. 82, National Defense Loans—Assignment of Claims under Government Contracts as Security for Bank Loans . . . Operating Cost Manual for Consumer Credit Departments . . . Statement of Policies for the Acceptance of Trust Business . . . Personal Money Management . . . Manual of Laws Relating to Loans and Investments by National Banks . . . Explanatory Material on Uniform Trust Receipts Act (Special Defense Bulletin) for restricted distribution.

... And Other Activities

A chronology of the less tangible of the Association's endeavors (along with those already mentioned on these pages), such as speeches by various department heads . . . customer relations development through informal group meetings . . . production of Defense Savings Bond radio and platform talks and Defense Bond advertising programs for banks . . . services by the Library to outside agencies . . . the planning of balanced programs for conventions and conferences . . . and the innumerable other activities of the many departments of the Association, would about fill this issue of BANKING.



MCLAREN

The 10 volumes completed by various departments of the Association during the 1940-41 year, covering as many subjects—Paton's Digest, Vol. I; Digest of Bank Insurance; Trust Business in Common Law Countries; Simplified Banking Forms and Procedure; Building Business for Your Bank; Proceedings, Consumer Credit Conference, 1941; Investments II and Consumer Credit (preliminary proofs); Corporation Finance and Negotiable Instruments

A Graduate School of Banking class in commercial banking during the seventh resident session at Rutgers University. John J. Driscoll, Jr., is the instructor. 1941 enrolment, 642; graduates 181



Business Before Pleasure, But . . .

Between Convention Sessions, There's a Lot to See in Chicago



Michigan Avenue looking north, showing a sweep of lawn and gardens on the downtown lake front, *above*

Left, Chicago Board of Trade in center background—seat of the nation's leading grain exchange



The Outer Drive, north; also showing the Belmont Yacht Harbor



Above, the John G. Shedd Aquarium

Jackson Park Drive, *below*



KAUFFMANN-FABRY PHOTOS
BANKING



A lake freighter, above, entering Chicago River through an open bridge over the new Shore Drive

Soldiers' Field Stadium and Field Museum, below



EWING GALLOWAY

The 134-jet Buckingham Memorial Fountain



KAUFFMANN-FABRY



Skyscrapers reflected in the Chicago River, above. Mather Tower, left, Carbon & Carbide, center, and Pure Oil, right

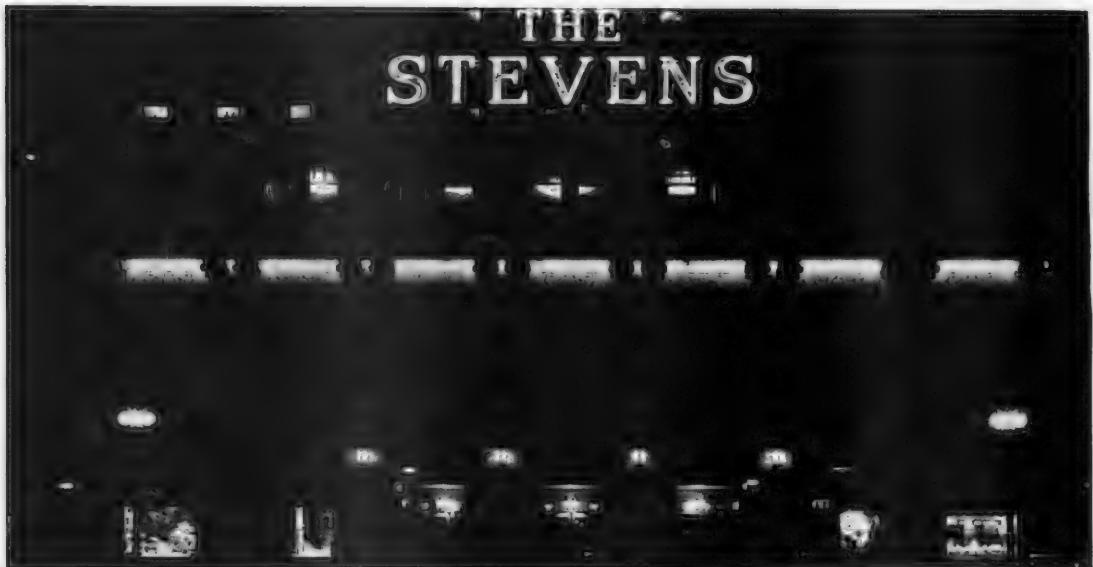


EWING GALLOWAY
The David Adler Planetarium and Astronomical Museum

Museum of Science and Industry in Jackson Park at 57th Street and Lake Michigan



KAUFFMANN-FABRY



Lights, night and windows on the Michigan Avenue side of the headquarters hotel



The Chicago Ghetto district—Maxwell Street and its pushcart market
EWING GALLOWAY



Lincoln Park golf course—one of more than 70 courses in the Chicago area

Wrigley Field—where the Chicago Cubs (National League) will play their last game of the season Sept. 28

The Chicago stock yards—the largest in the world—handle a large percentage of the nation's meat supply



KAUFMANN - FABRY



KAUFMANN - FABRY
BANKING



Campus scene at University of Chicago, left, showing corner of law building, left, Harper Library, right, and Social Science building through archway



A view through the archway into the North Quadrangle on the men's residence campus at Northwestern University, Evanston, right

The modern Gothic chapel of the University of Chicago cost \$1,750,000 and seats 2,000

The housing plan of Northwestern University is outstanding in American educational projects



The museum of the Art Institute of Chicago ranks among the first three in the nation



K. A. FRIEDRICH - FABET

Things to Know About Chicago

CHICAGO's site known first to Joliet in 1673, was the scene of Father Marquette's Indian mission in 1674; owned by France for 90 years, by Great Britain for the next two decades, and formally acquired by the United States in 1794; location of Fort Dearborn in 1803 and the massacre of its garrison nine years later; a frontier village in 1833; an incorporated town in 1835; and a city in 1837. Chicago, destroyed by fire in 1871, arose in new

greatness and splendor. It gave civilization two successful world fairs in 1893 and 1933.

How the name "Chicago" was chosen is not known with certainty. Some say the word meant, in the Indian language, "strong". Others think it came from the wild onion which grew profusely in the neighborhood; still others say there was an Indian chief named Chikagou who lived near the

lake, and believe that the name came from him.

TODAY, WITH over 3,400,000 population and covering 212.8 square miles, Chicago is the fourth ranking city of the globe. When incorporated as a city in 1837 it had a population of 3,297 and covered an area of 10.2 square miles. It now shelters within its city limits more people than each of 38 states of the union.

CONTINENTAL
ILLINOIS
NATIONAL BANK
AND
TRUST COMPANY
OF
CHICAGO

COMMERCIAL BANKING
TRUSTS
SAVINGS

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RIGHT IN the center of Chicago's busiest business section is an areaway preserved for all time as a cow path. Willard Jones bought this property in 1833, and when he sold portions of it in 1844, he reserved the right to use this strip of land for a cow path and also granted the buyer the same privilege. The deeding of the land necessitates that once a year a cow be led down the alley to preserve tradition.

Did You Know That In . . .

1759 the Chicago area was taken from France by England;
1778 Virginia claimed Chicago;
1779 British were driven from Chicago area by colonial troops;
1809 Chicago area became a part of Indiana;
1818 Illinois was admitted as a state;
1826 first election was held and only 35 people voted;
1831 first Chicago opera . . . first Protestant church organized;
1832 first lake boat arrived;
1833 first weekly newspaper established . . . first Catholic church organized;
1839 first daily newspaper printed;
1848 first railroad opened;
1859 horse-drawn street cars first used;
1878 Bell and Edison telephone systems began to operate;
1880 first electric lighting;
1889 Hull House founded;
1892 elevated transit lines;
1895 first motor vehicle appeared;
1906 freight tunnel system opened . . . first electric surface cars;
1918 first air mail arrived;
1936 operation of 83 noiseless streamlined street cars began on Madison Street;
1937 Chicago celebrated its first 100 years as an incorporated city?



The most urgent Insurance Policy in America

DON'T SAY "UNPREPARED"! For there is no hazard so great to the American people as the specter of being unprepared to meet any threat to its freedom. The government's swift swing into action to unify our defense energies is a form of insurance for 130 million individuals, guaranteeing their will to live by choice.

When you buy a U. S. Defense Bond, you volunteer a premium for the most urgent insurance policy in America. As an insured you are also an investor, and as an investor you are also insured.

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has kept a trained eye on hazard, because it has had to assume risks and pay losses. It is therefore in a position to recommend U. S. DEFENSE BONDS as the best insurance to dispel an ominous national hazard . . . the cloud of unpreparedness.

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 ★ ★ ★ WISCONSIN ★ ★ ★
 ★ ★ ★ ILLINOIS ★ ★ ★
 ★ ★ ★ INDIANA ★ ★ ★
 ★ ★ ★ OHIO ★ ★ ★
 ★ ★ ★ PINEAPPLE ★ ★ ★
 ★ ★ ★ ORIENTAL ★ ★ ★
 ★ ★ ★ KAUFMANN-FABRY ★ ★ ★
 ★ ★ ★ CHICAGO'S RIALTO ★ ★ ★
 ★ ★ ★ RANDOLPH STREET ★ ★ ★
 ★ ★ ★ AS IT LOOKS AT NIGHT ★ ★ ★
 ★ ★ ★ CHICAGO EXCELS ★ ★ ★
 ★ ★ ★ IN THE UNITED STATES ★ ★ ★
 ★ ★ ★ IN ITS LOW DEATH RATE ★ ★ ★
 ★ ★ ★ FOR INFANTS—63.9 PER 1,000 IN ★ ★ ★
 ★ ★ ★ 1929, AND 37.8 IN 1937. ★ ★ ★
 ★ ★ ★ ILLINOIS'S AGRICULTURAL RANKING ★ ★ ★
 ★ ★ ★ AMONG OTHER STATES IS HIGH IN ALL STAPLE ★ ★ ★
 ★ ★ ★ PRODUCTS. CHICAGO IS THE LARGEST GRAIN, ★ ★ ★
 ★ ★ ★ LIVE STOCK, PRODUCE AND LUMBER MARKET ★ ★ ★
 ★ ★ ★ IN THE COUNTRY. ★ ★ ★
 ★ ★ ★ EDUCATIONAL FACILITIES IN AND ★ ★ ★
 ★ ★ ★ ABOUT CHICAGO MAKE IT ONE OF THE GREAT ★ ★ ★
 ★ ★ ★ CENTERS OF LEARNING. IN NUMBER, IMPORTANCE OF, ★ ★ ★
 ★ ★ ★ AND ATTENDANCE AT ITS EDUCATIONAL INSTITUTIONS, ★ ★ ★
 ★ ★ ★ IT IS OUTSTANDING. LEADING INSTITUTIONS ARE THE ★ ★ ★
 ★ ★ ★ UNIVERSITY OF CHICAGO, NORTHWESTERN UNIVERSITY, ★ ★ ★
 ★ ★ ★ ARMOUR INSTITUTE OF TECHNOLOGY, DE-PAUL ★ ★ ★
 ★ ★ ★ UNIVERSITY, LEWIS INSTITUTE AND LOYOLA ★ ★ ★
 ★ ★ ★ UNIVERSITY. ★ ★ ★
 ★ ★ ★ THE CITY SUPPORTS 336 ELEMENTARY ★ ★ ★
 ★ ★ ★ SCHOOLS, 37 HIGH SCHOOLS, 3 JUNIOR ★ ★ ★
 ★ ★ ★ COLLEGES, 349 PAROCHIAL SCHOOLS, AND SEVERAL ★ ★ ★
 ★ ★ ★ TRADE AND MISCELLANEOUS SCHOOLS. ★ ★ ★
 ★ ★ ★ UNUSUAL ADVANTAGES ARE OFFERED TO ★ ★ ★
 ★ ★ ★ CHICAGO CITIZENS BY ITS WEALTH OF ★ ★ ★
 ★ ★ ★ EXCELLENT LIBRARIES. THOSE OPEN TO THE PUBLIC ★ ★ ★
 ★ ★ ★ INCLUDE: CHICAGO PUBLIC LIBRARY, NEWBERRY ★ ★ ★
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 ★ ★ ★ REFERENCE LIBRARY, RYERSON AND BURNHAM ★ ★ ★
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 ★ ★ ★ MUSEUM OF NATURAL HISTORY, AND THE ★ ★ ★
 ★ ★ ★ ROSENWALD MUSEUM OF SCIENCE AND INDUSTRY. ★ ★ ★
 ★ ★ ★ CHICAGO HAS 1,750 CHURCHES, ★ ★ ★
 ★ ★ ★ REPRESENTING ALL DENOMINATIONS AND NATIONALITIES; ★ ★ ★
 ★ ★ ★ SEVERAL NON-SECTARIAN ORGANIZATIONS; ★ ★ ★
 ★ ★ ★ 80 MAJOR HOSPITALS, AND FIVE INTERNATIONALLY KNOWN, ★ ★ ★
 ★ ★ ★ CLASS A, MEDICAL SCHOOLS. ★ ★ ★
 ★ ★ ★ BANKING ★ ★ ★
 ★ ★ ★

To PROVIDING INVESTMENT CAPITAL

The East North Central States

FAVORED by a prehistoric ice-cap which scooped out their lakes, deposited their rich top-soil, and made available extensive mineral resources, the East North Central States have become the center of the nation's transportation system and one of its foremost industrial and agricultural regions.

Though widely traversed by early explorers, this section's major development covers little more than the past century. Its rapid growth in population and resources during the last fifty years

has naturally called for large capital outlays—well beyond the accumulated reserves in so new an area.

★ ★ ★

As part of its activities, Halsey, Stuart & Co. Inc. has made an important contribution to the exceptional progress of this area. This organization has participated as an original underwriter in over 900 bond issues, totaling almost \$4,000,000,000, of municipalities and corporations in the East North Central States.

Third of a Series of excerpts from our brochure, "Providing Nationwide Investment Capital... 1903-1941," a copy of which will be sent upon request.

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Many conservative bankers are now protecting depositors' funds invested in automobile paper against such hazards as **double loans, wrong serial and motor numbers, fictitious deals, frauds, etc.**, by registering the collateral back of each note with Galloway Service, a recognized clearing house serving the territory between the Rocky Mountains and the Atlantic Seaboard.

Today — Galloway Registration Service is a **must** when a banker finances motor vehicles.

Put your house in order now and avoid losses later.

WRITE FOR COMPLETE INFORMATION



Corner of Lake and La Salle Streets in 1866

GROWING WITH CHICAGO SINCE EARLY DAYS

Back in '65 Chicago was a small city of only 200,000 when Millers National was founded.

While Chicago has become a metropolis, Millers National Insurance Company with its companion Company has grown to be a well-known institution in the fire insurance field with services extending from coast to coast.

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Chicago, Ill.

THE WINDY CITY is the busiest spot on the nation's transportation map. No other city possesses its combined advantages of rail, highway, water and air facilities.

IN VOLUME of tonnage and extent of facilities, Chicago is the largest railroad terminal in the world. It is estimated that approximately 8 per cent of the entire railroad investment of the United



KAUFFMANN-FABRY

The Lindbergh Beacon sweeps the night skies of Chicago and is as inseparably associated with the city as the Eiffel Tower with Paris or Big Ben with London

States is centered in the Chicago switching district. The network of railroads in this area covers approximately 400 square miles. Radiating from the Chicago terminal are 22 trunk line railroads serving the entire nation. Within this area are nine terminal and belt lines;

The most famous piece of sculpture in Lincoln Park is St. Gaudens' standing "Lincoln", facing the Dearborn Street entrance



KAUFFMANN-FABRY

six industrial railroads; 5,717 miles of track, 160 yards and 73 freight stations. Terminal, belt and industrial switching lines have a total of 2,100 miles of track and serve over 3,800 industries having private track connections.

AVERAGE FIGURES over several years show that Chicago ships 7,450 carloads and receives 7,370 carloads of freight daily. Switching lines handle 12,150 cars daily between points within the district. Including cars originating, cars delivered and cars moving through the Chicago district, its railroads handle approximately 66,640 cars daily.

EVERY DAY 1,294 passenger trains, carrying an average of 216,500 persons, arrive at or depart from Chicago stations. This volume of traffic is handled by 369 through and 925 suburban trains. Of the total passengers, 190,500 are suburban and 26,000 are through passengers.

SINCE THE completion of the Illinois waterway, Chicago has become the leading inland waterway center of the nation. In 1937 more water-borne commerce was handled in the Chicago district than passed through the Panama Canal.



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The experience of seventy-seven years and immediate contact with principal cities make the services of our Bond Department of particular value to correspondent banks.

Inquiries by telephone, wire, or mail are invited, and quotation sheets will be mailed on request.

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BOND DEPARTMENT

**The First National Bank
of Chicago**

CHICAGO IS the second largest city in the country in volume of retail and wholesale trade, doing a total business of four and a half billion dollars in a recent year.

CHICAGO is governed by the mayor-council plan. The mayor, city clerk and city treasurer are elected by popular vote. All other department heads are appointed by the mayor.

CHICAGO IS the amusement center for inland America. Its motion picture, vaudeville and legitimate theatres have a seating capacity of 400,000.

CHICAGO IS one of the great financial capitals of the world.

IT CAN supply first-class hotel accommodations to 400,000 daily.

FOR MORE than a decade, Chicago has led all other big cities in the number and attendance at the national trade, fraternal, and civic gatherings held in its six great convention halls. Its average over this period has been an annual schedule of more than 800 important meetings with a combined annual average attendance of better than a million delegates and exhibitors.

BENEATH THE streets of Chicago's central business area is a railway network of 49 miles of freight tunnels, electrically operated, connecting railroad freight stations with 87 factories, warehouses, stores and office buildings.

FIFTEEN ESTABLISHED motor bus lines operate out of Chicago from coast to coast, and to leading communities in the metropolitan area.



Qualified in every way
to serve as your
Chicago correspondent

Visitors are always welcome and a special invitation is extended to bankers attending the A.B.A. Convention.

AMERICAN NATIONAL BANK
AND TRUST COMPANY
of Chicago

LA SALLE STREET AT WASHINGTON

Member Federal Deposit Insurance Corporation



The Chicago Water Works, *left, foreground*, is Chicago's oldest landmark, which with stood the fire of 1871

THE CHICAGO Rapid Transit Company operates over 227 miles of single track and carries over 150,000,000 revenue passengers in a single year.

CHICAGO HAS the second busiest commercial airport in the world.

The Abraham Lincoln memorial and tomb in Springfield



CUSHING
BANKING



Brookfield Zoological Gardens covers 176 acres and contains a remarkably fine collection of animals, fowl and reptiles



This unique type of car ferry operates between Chicago and Milwaukee and Michigan points of interest



The house where Abraham Lincoln lived in Springfield between 1844 and 1861—the only home he ever owned



History is made interesting and impressive in the Chicago Historical Society's modern building

Abbott . . . SERVANT TO MEDICINE

SINCE its founding in 1888, Abbott Laboratories has consistently striven, through research and distribution, to be truly the servant of medicine.

The professional acceptance and present standing of the company in fields of anesthetics, antiseptics, chemotherapeutics, vitamins and others is evidence of the soundness of this policy. Physicians and dentists know that they can prescribe and use Abbott pro-

ducts with complete confidence in their purity and potency.

From a kitchen workshop, Abbott Laboratories has developed through the years into a stalwart institution, occupying a twenty-six acre tract with fifteen distributing branches in the United States and twelve branches abroad. Leading prescription pharmacies and wholesale druggists are always stocked with Abbott products to meet the ever increasing demand.

Abbott Laboratories

EXECUTIVE OFFICES AND PLANT · NORTH CHICAGO, ILLINOIS



PHOTO BY: JAMES SNOWDEN, FROM CUSHING

The main street of the reconstructed village of New Salem, Illinois—one of America's newest historic shrines. Lincoln spent some six formative years in New Salem and this was the view he had from the entrance of the Berry-Lincoln store, where he clerked and acted as village postmaster. New Salem is about 20 miles northwest of Springfield on highway 123

HARRIS TRUST AND SAVINGS BANK

Organized as N. W. Harris & Co. 1882 — Incorporated 1907 • • • HARRIS TRUST BUILDING, CHICAGO

STATEMENT of CONDITION

June 30, 1941

Resources

Cash on Hand, in Federal Reserve Bank and Due from Banks and Bankers	\$124,990,433.89
U. S. Treasury Bills, at par	4,180,000.00
U. S. Government Securities, not exceeding market:	
Due prior to January 1, 1947	36,740,118.87
Due on or after January 1, 1947 (Including \$13,895,000 set aside, or pledged, to protect Trust Department's Cash Balances, etc.)	13,342,540.53
State and Municipal Securities, not exceeding market:	
Due prior to January 1, 1947	38,486,213.16
Due on or after January 1, 1947 (Including \$500,000 deposited with State Auditor under Trust Companies Act)	5,777,645.36
Other Bonds and Investments, not exceeding market:	
Due prior to January 1, 1947	26,727,264.23
Due on or after January 1, 1947	17,380,628.06
Demand Loans	9,286,415.11
Time Loans and Bills Discounted	77,333,115.99
Federal Reserve Bank Stock	420,000.00
Customers' Liability on Acceptances and Letters of Credit	171,136.77
Interest Earned but not Collected	946,672.85
Other Resources	278,994.67
Total	\$356,061,179.49

Liabilities

Capital	\$ 6,000,000.00
Surplus	8,000,000.00
Undivided Profits	4,395,427.04
Reserves for Taxes, Interest, Contingencies, Etc.	\$ 18,395,427.04
Acceptances and Letters of Credit	6,708,826.95
Demand Deposits	171,136.77
Time Deposits	290,042,904.35
Trust Department's Cash Balances	27,190,151.42
Total	13,552,732.96
	330,785,788.73
Total	\$356,061,179.49

Member Federal Deposit Insurance Corporation

Directors

ALBERT W. HARRIS Chairman of the Board
HOWARD W. FENTON President, and Chairman of Executive Committee
JAMES M. BARKER Director, Sears, Roebuck and Co.
THOMAS DREVER President, American Steel Foundries
FRANK R. ELLIOTT Vice-President
ARTHUR B. HALL Hall & Ellis
STANLEY G. HARRIS Vice-President
BOWMAN C. LINGLE Vice-President
M. HADDON MACLEAN Vice-President
SYDNEY G. McALLISTER Chairman, Executive Committee International Harvester Co.
JOHN MCKINLAY President, National Tea Co.
FRANK McNAIR Vice-President
A. H. MELLINGER President, Illinois Bell Telephone Co.
CHARLES H. MORSE
WILLIAM P. SIDLEY Sidley, McPherson, Austin & Burgess
HAROLD H. SWIFT Vice-Chairman of Board, Swift & Co.
STUART J. TEMPLETON Wilson & McIlvaine
WARD W. WILLITS Chmn. of Board, The Adams & Westlake Co.
FRANK H. WOODS Chmn. Addressograph-Multigraph Corp.

NEWS PAPER



A.B.A. Chicago Convention to Hear Noted Speakers

Divisions Plan Sept. 29 Meetings

State Bankers Have 25th Anniversary

Interesting programs have been prepared for the Association's divisions and sections, each of which will hear timely subjects capably discussed. In addition, each will transact the business incident to the annual meeting, including election of officers, and will hear the report of its president as well as reports by various committees.

Here is a list of the special speakers and their topics for each meeting, as available when *BANKING* went to press: All the meetings take place Sept. 29.

STATE BANK DIVISION (25th Anniversary celebration)—Address, Deane W. Malott, chancellor, University of Kansas; presentation of the division's presidents, by A. L. M. Wiggins, division vice-president and president, Bank of Hartsville, S. C.; "A Quarter Century of Progress," William S. Elliott, president, Bank of Canton, Ga.

SAVINGS DIVISION—Address, Dr. Marcus Nadler, professor of finance, New York University.

NATIONAL BANK DIVISION—"Bank Investments Under War Conditions," Dr. Lionel D. Edie, economist, New York; Address, Fred L. O'Hair, president, Central National Bank, Greencastle, Ind.

STATE SECRETARIES SECTION—Reports of standing committees: Banking Education and Public Relations, James

(Continued on page 140)

Martinelli to Sing at A.B.A. Inaugural

Giovanni Martinelli, world famous tenor, will give a recital at the concluding meeting of the Chicago convention. The new A.B.A. officers will be formally installed at this session, scheduled for the evening of Oct. 2.

Defense, Current Topics Prominent On Programs of 4 Round Tables

Four round table conferences scheduled for the Convention offer wide and detailed coverage of subjects important to bankers, particularly in connection with financial aspects of national defense which is the subject of one conference.

Here are the detailed programs for the four:

Defense and Offense in Public Relations, Sept. 29, 8:30 p.m.—Presiding, Frank M. Totton, second vice-president, Chase National Bank, New York; "Mobilizing Money: A Duty and a Public Relations Opportunity," Robert W. Sparks, vice-president, Bowery Savings Bank, New York, and Associate Field Director, Defense Savings Staff, Treasury Department; "Mobilizing Public Opinion: A Challenge for Cooperation," Samuel N. Pickard, president, National Manufacturers Bank, Neenah, Wisc., and chairman, A.B.A. Public Relations Council; "Mobilizing Information: A Necessary Step in Building Banking Business," George R. Boyles, pres-

(Continued on page 140)

Morgenthau, Connally, Ayres Will Talk; Defense Subjects Prominent on Programs For Round Tables, Division Meetings

Secretary of the Treasury Henry Morgenthau, Jr., Brigadier General Leonard P. Ayres, and U. S. Senator Tom Connally of Texas are among the prominent speakers who will address the 67th annual convention of the American Bankers Association in Chicago, Sept. 28-Oct. 2.

Railroads Announce Convention Trains

A wide selection of transportation facilities is available to bankers planning to attend the Chicago convention of the American Bankers Association, Sept. 28-Oct. 2.

Arrangements have been made for a Kansas-Oklahoma bankers' special from points in both states on Sept. 27, reaching Chicago that evening. Streamlined Santa Fe equipment will be used.

The New York Central has announced that special sections of the 20th Century Limited will leave from Grand Central Terminal, New York, on both Sept. 27 and 28 to accommodate the Chicago-bound bankers.

The Pennsylvania Railroad calls attention to a list of nine trains that depart from its New York terminal at convenient hours.

The New Jersey Bankers Association is emphasizing "The General," a Pennsylvania daily.

Special cars for New England bankers will leave Boston on the afternoon of Sept. 27, with stops en route across Massachusetts.

Many bankers are also planning to make use of air line facilities in going to and from the convention city, which is well served by this form of transportation.

P. D. Houston, Association president and chairman of the American National Bank, Nashville, who is in charge of convention plans, has announced details of the convention program, which stresses the themes of defense financing and hemisphere solidarity.

Senator Connally is chairman of the Senate Foreign Relations Committee.

General Ayres, long known to bankers throughout the country, is coordinator of War Department statistics. He is on leave from The Cleveland Trust Company which he has long served as a vice-president. He was for many years prominent as chairman of the A.B.A. Economic Policy Commission and more recently of the Research Council.

The topics to be discussed by Secretary Morgenthau, Senator Connally and General Ayres, all of whom are to speak at general sessions of the convention, were not available at press time.

However, President Houston has made public other information on the extensive and unusually interesting convention program which is to be carried out at the Stevens Hotel.

Included are two general sessions, four roundtable discussions, and the individual meetings of the Association's several divisions or sections. In addition, there are the meetings of

(Continued in next column)

Convention Timetable

Here is the approximate time of meetings of the Chicago Convention. All activities are scheduled for The Stevens, except the inaugural ceremony which is in Orchestra Hall.

Sunday, September 28		Tuesday, September 30	
9:30 a.m.	Consumer Credit Council; Research Council; Public Relations Council	2 p.m.	National Bank Division, Trust Division and State Secretaries Section general meetings
11 a.m.	Foundation Trustees	6:30 p.m.	Executive Council
12 m.	Bank Management Commission	8:30 p.m.	Public Relations round table
2 p.m.	Federal Legislation Committee; Savings Division Executive Committee; Committee on State Legislation		
2:30 p.m.	Economic Policy Commission; State Legislative Council		
3 p.m.	Finance Committee		
4:30 p.m.	Board of Regents, Graduate School of Banking	8 a.m.	Agricultural Commission breakfast
6:30 p.m.	State Bank Division Executive Committee	9:30 a.m.	Bank Management round table
9:30 p.m.	Administrative Committee		
Monday, September 29		Wednesday, October 1	
8 a.m.	Agricultural Commission; Membership Committee	9:40 a.m.	General Convention session
9 a.m.	Insurance and Protective Committee	2 p.m.	Defense Financing round table
9:30 a.m.	National Bank Division Executive Committee; Trust Division Executive Committee	3 p.m.	Nominating Committee
10 a.m.	Savings Division and State Bank Division general meetings	6:30 p.m.	Conference of State Bank Division officers and bank commissioners
12:30 p.m.	Commerce and Marine Commission		
Thursday, October 2		Thursday, October 2	
		7:30 a.m.	Bank Management Commission
		8 a.m.	Membership Committee and A.B.A. State Vice-presidents
		9:40 a.m.	General Convention Session
		12:30 p.m.	Executive Council
		2 p.m.	Current Economic Problems round table
		3 p.m.	Administrative Committee, new Membership Committee
		8:45 p.m.	Inaugural ceremony

the many A.B.A. committees, commissions, councils and other groups that carry on the Association's work during the year.

Two General Sessions

The general sessions are scheduled for the mornings of Oct. 1 and 2. Important business matters will come to the delegates' attention at each. The president's report, acts of the Executive Council and appointment of the resolutions committee are on the agenda for the first general session, while events at the second include the election of officers and the report of the resolutions committee.

On the evening of Oct. 2 the new general officers will be formally inaugurated. The Chicago Swedish Glee Club will sing and later, as noted elsewhere, Giovanni Martinelli gives a recital. The annual convention ball follows.

Details of the division and round table programs will be found in other columns of the News Paper.

Round Table Programs

(Continued from page 139)

ident, Merchants National Bank, Chicago; Ernest L. Pearce, executive vice-president, Union National Bank, Marquette, Mich.; William Powers, director, Customer Relations, A.B.A.

Bank Management, Sept. 30, 9:30 a.m.—"The Public Relations Aspect of Consumer Credit," John Burgess, vice-president, Northwestern National Bank and Trust Co., Minneapolis; "Real Estate and Mortgage Holdings in the Emergency," Dr. Ernest M. Fisher, Director of Research in Mortgage and Real Estate Finance, A.B.A.; "Simplifying Bank Operating Procedure," panel lead by Louis W. Bishop, assistant vice-president and cashier, State-Planters Bank and Trust Co., Richmond, with these panel members: Darrel G. Ensign, assistant cashier, Commonwealth Bank, Detroit; William J. Kinnaman, cashier, Hunterdon County National

Bank, Flemington, N. J.; J. M. Sorenson, executive vice-president, Stephens National Bank, Fremont, Neb.

Defense Financing, Oct. 1, 2 p.m.—Presiding, J. Harvie Wilkinson, Jr., vice-president, State-Planters Bank and Trust Co., Richmond, and chairman, A.B.A. National Defense Loans Committee; "The Social Effects of Defense Financing," Benjamin E. Young, vice-president, National Bank of Detroit; "Defense Loans," Mark A. Brown, vice-president, Harris Trust & Savings Bank, Chicago; "Defense Savings Bonds," Philip A. Benson, president, Dime Savings Bank, Brooklyn, N. Y.

Current Economic Problems, Oct. 2, 2 p.m.—George Avery White, president, Worcester County Trust Co., Worcester, Mass., presiding. Panel discussion, with Dr. Paul F. Cadman, economist, A.B.A., as interlocutor, and these men

participating: Albert W. Atwood, Washington, D. C., writer; Earl B. Schwulst, first vice-president, Bowery Savings Bank, New York; Dr. Lionel D. Edie, New York, economist.

Divisions Plan

Sept. 29 Meetings

(Continued from page 139)

C. Scarboro; Insurance and Protection, Haynes McFadden; Standard Forms, Lauder Hodges; State Bankers Association Management and Regional Clearinghouses, William Duncan, Jr.; State Legislation, Edward A. Wayne. "How Far Shall Some of the Federal Savings and Loan Associations Go?" Charles F. Zimmerman, secretary, Pennsylvania Bankers Association; "Some Observations on Federal Legislation," A. L. M. Wiggins, chairman, A.B.A. Committee on Federal Legislation and president, Bank of Hartsville, S. C. *(Continued on page 143)*

At the Far West Trust Conference, Seattle, August 6-8



PHOTOS BY NORTHWEST PHOTOGRAPHERS

A section meeting

A.B.A. Study Shows Earnings, Expenses of the Nation's Insured Commercial Bank

Profits before dividends of all insured commercial banks throughout the nation averaged 64 cents per \$100 of deposits during 1940, according to a survey of earnings and expenses of insured banks compiled by the Bank Management Commission of the American Bankers Association.

The survey, prepared annually by the Commission, reveals a decrease in profits before dividends of 8 cents per \$100 of deposits from 1939, and an increase of four cents per \$100 of deposits over the 1938 figure.

Profits before dividends for the insured banks by states ranged from \$1.37 per \$100 of deposits for the insured banks of Oklahoma to 31 cents in Maine.

Operations Earnings

Earnings from current operations before deduction of expenses of the nation's insured banks averaged \$2.58 per \$100 of deposits. These earnings ranged from \$4.90 in both North and South Dakota to \$1.75 in New York State.

Current operating expenses averaged \$1.81 per \$100 of deposits for all insured commercial banks. The highest

average of operating expense was \$3.63, incurred by the banks of West Virginia and the lowest average was \$1.20, which was incurred by the banks of New York State.

Security Recoveries

Recoveries and profits on securities sold by insured commercial banks in the various states ranged from \$1.21 per \$100 of deposits for the banks in Nebraska to nine cents for Nevada's banks, and the national average was 55 cents.

Losses on loans and securities, and all other chargeoffs averaged 68 cents per \$100 of deposits among all insured commercial banks, varying from \$1.46 per \$100 of deposits in Maine to 26 cents in Nevada.

Net Profit

Deduction of current operating expense, losses, chargeoffs and dividends from current earnings and recoveries left a net profit of 26 cents per \$100 of deposits for all insured commercial banks in the country.

These figures ranged from a net profit of 94 cents for the banks of South Dakota to a net loss of 5 cents for the banks of Maine.

Trust men from the Pacific Coast and Rocky Mountain states met at Seattle last month for their annual regional trust conference conducted by the American Bankers Association. Carl W. Fenninger, president of the Trust Division, and vice-president, Provident Trust Co., Philadelphia, was in charge of the conference.

Here are some pictures taken during the meetings.



Left, the only woman on the program, Mrs. Bruce Blake, who discussed the family and the trustee. Right, President Fenninger speaking. Seated at his left is Merle E. Selecman, division secretary



Here is a rehearsal for the conference "question box," a popular feature. Left to right, Henry H. Judson, Seattle Trust & Savings Bank; Alfred J. Schweppe, Seattle attorney; H. M. Bardt, Bank of America N.T.&S.A., Los Angeles; Samuel C. Waugh, First Trust Co., Lincoln, Neb.; Towner Phelan, St. Louis Union Trust Co.; President Fenninger; Robert S. Drew, Continental Illinois National Bank & Trust Co., Chicago

Institute to Hold '42 Convention in New Orleans

The fortieth annual convention of the American Institute of Banking, educational section of the American Bankers Association, will be held at New Orleans, Louisiana, June 8-12, 1942.

Announcement of the date and place was made by George T. Newell, Institute president. Mr. Newell is vice-president of the Manufacturers Trust Company, New York City.

A.B.A. Experts Aid in Consumer Credit Control by Federal Reserve

Cravens, Hill and Burgess Take Part in Discussions on New Regulations

Consumer credit experts of the American Bankers Association have had a prominent part in the discussions leading up to the regulations governing control of instalment credit under the Federal Reserve Board.

Kenton R. Cravens, chairman of the Association's Consumer Credit Council, who was designated advisor to the Board, and two other members of the Council, John Burgess, vice-president of the Northwestern National Bank & Trust Co., Minneapolis, and G. Carlton Hill, vice-president, Fifth-Third Union Trust Co., Cincinnati, with Mr. Cravens, represented the Association at meetings in Washington last month when the schedule of regulations was discussed by Board members and interested banking and business organizations.

Mr. Cravens, vice-president in charge of The Cleveland Trust Company's instalment loan department, is well known among bankers. He has worked exclusively in the sales finance field since his student days at the University of Kansas and was president of the Bankers Association for Consumer Credit when that organization's functions were merged with the American Bankers Association's newly organized Consumer Credit activities. When the Council was organized more than a year ago he became its chairman.

The tentative regulations promulgated by the Board have been widely publicized and *BANKING*'s readers are now familiar with them.

The regulations will be amended from time to time as necessary, reflecting a policy of flexibility. The immediate aim is a gradual tightening of credit on consumers' durable goods, not including—for the present, at least—new residential construction, open-account credit, and certain types of productive credit such as loans on farm machinery, cream separators, and delivery trucks.

Broadly speaking, all vendors and others engaged in extending consumer credit will be given in effect a blanket license. Such "registrants" must make reports to the Federal Reserve Board, whose 12 banks



Mr. Cravens

and 24 branches will administer the regulations. The Board of Governors maintains liaison with the Treasury, the Federal Loan Administrator and OPACS.

The maximum amount a lender may carry is subject to control as well as the minimum down payment and the maximum number of periodic payments on a list of articles, which at this writing is still to be finally promulgated.

M. Plin Beebe

M. Plin Beebe, president of the Bank of Kimball and the Parker State Bank, South Dakota, died Aug. 7 in his 60th year.

Mr. Beebe, an active worker for state and independent unit banking for many years, was president of the A.B.A. State Bank Division, 1930-31. In recent years he was a member of the division's committees on banking departments and Federal legislation. He had also served on the Association's membership committee and on the Economic Policy Commission.



Mr. Hill



Mr. Burgess

About \$5,000,000,000 in Credit Is Affected by Government Control Order

More than half, or about \$5,000,000,000, of the approximately \$9,000,000,000 of non-real estate consumer credit which has been normally outstanding is expected to be affected by the new regulations. Not only loans against automobiles, refrigerators, washing machines, vacuum cleaners, and the like, but all direct instalment cash lending of a consumer nature, including instalment loans of credit unions and the like, are subject to regulation.

In connection with the announcement of consumer credit control Chairman Marriner S. Eccles of the Board of Governors of the Federal Reserve System stated:

"It is in the interest of all of the people, in the emergency period, that the growing demand for consumers durable goods of all kinds be curtailed as an integral part of a broad coordinated program to combat inflationary dangers. We should all be ready and willing during the emergency to get along with fewer of those consumers goods which will be embraced in the Board's regulation. By doing so, we can assist the defense program, lessen the danger of runaway inflation, increase our savings and our purchases of defense bonds, and help to build up a backlog of effective demand to cushion the impact

of post-war readjustment." In the Executive Order of August 11 "transfers and payments" were defined as "transfers of credit between and payments by or to banking institutions." A "banking institution" is defined in the order as follows:

"Any person engaged as principal, agent, broker, or otherwise, in the business of making or holding extensions of credit and includes, without limitation, any bank, any loan company, and finance company, or any other person engaged in the business of making or holding extensions of credit whether as a vendor of consumers' durable good or otherwise."

Convention Golf

Ample opportunity for golf will be provided for bankers attending the Chicago convention, according to the Chicago convention golf committee of which Richard A. Aishton, vice-president, Continental Illinois National Bank and Trust Co., is chairman. Mr. Aishton announces that privileges of the Olympia Fields Country Club will be extended to the delegates. The club has 12,000 lockers, five dining rooms and a cafeteria. Its No. 1 course has been reserved for the bankers.

F.A.A. Ready for Its Convention in Cleveland

Advertisers Meet September 8-11

Meeting in Cleveland, Sept. 8-11, the Financial Advertisers Association convention will have as its theme "Banking—Keeping in Step with Changing Conditions."

Robert J. Izant, president, has announced details of the program which again will feature a "banking sales school." Vincent Cullin, assistant secretary, Mississippi Valley Trust Co., St. Louis, and F.A.A. first vice-president, is convention chairman. Sessions will be at the Hotel Statler.

General session speakers include Emmett F. Connely, president, Investment Bankers Association of America; Merle Thorpe, editor, *Nation's Business*; Charles F. Kettering, research director, General Motors Corp.; Russell Davenport, chairman, board of editors, *Fortune*; Sidney Maestre, president Mississippi Valley Trust Co., B. M. Edwards, special assistant to the Secretary of the Treasury.

Others are Ralph M. Eastman, vice-president, State Street Trust Co., Boston; Gilbert T. Stephenson, director of trust research, Graduate School of Banking; and T. Harris Smith, specialist in bank sales staff and public relations training.

This year's sales school is to be conducted by Dr. Henry



Mr. Izant

Miller Busch, head of the division of social sciences, Cleveland College, Western Reserve University. The subject will be "People—the World Today and the Public Mind."

Mortgage Clinic Planned for Fall

Banks in Delaware, District of Columbia, Maryland, New Jersey, and eastern Pennsylvania will be invited to the real estate mortgage clinic sponsored by the A.B.A. Savings Division in Philadelphia, Oct. 30-31.

Letters will be sent to the 1,395 banks in the area to send representatives of their mortgage departments to the meeting. Sessions will be under the direction of Dr. Ernest M. Fisher, director of the Association's Department of Research in Mortgage and Real Estate Finance. The open forum plan will be used in carrying out the program, which means that bankers will be free to ask questions and express their opinions.

Bank Women To Meet in Chicago

The Association of Bank Women's nineteenth annual convention will be held in Chicago from September 26 to 29, with headquarters at the Congress Hotel, according to Miss Emma E. Claus, president of the Association and secretary-treasurer of the Bankers Trust Company of Gary, Indiana.

Other officers of the association are: Miss Elizabeth S. Grover, Chase National Bank, New York City, vice-president; Miss Gertrude Greenwald, Bankers Trust Company, Gary, Ind., recording secretary; Miss Gertrude M. Jacobs, Marshall & Ilsley Bank, Milwaukee, Wis., corresponding secretary, and eight regional vice-presidents.

Division Program

(Continued from page 140)

TRUST DIVISION, 2 p.m.—Greetings, W. W. Hinshaw, Jr., president, Corporate Fiduciaries Association of Chicago, secretary and trust officer, City National Bank and Trust Co., Chicago; "Bank Management Looks at the Trust Business", questions by Gwilym A. Price, president, Peoples-Pittsburgh Trust Co., Pittsburgh; answers by Frederick A. Carroll, vice-president, National Shawmut Bank, Boston; Louis S. Headley, vice-president, First Trust Co., St. Paul; John W. Remington, vice-president and trust officer, Lincoln-Alliance Bank and Trust Co., Rochester, N. Y.; and Arthur F. Young, vice-president, National City Bank of Cleveland.

Institute Adds Study Classes

A.I.B. Service Is Greatly Broadened

Class instruction at moderate cost in the educational subjects offered by the American Institute of Banking is now within the reach of practically every bank employee of the country, according to an announcement by National Educational Director W. A. Irwin.

So gratifying were the results of study classes conducted in five New Mexico communities and at Southbridge, Mass., last year that the Executive Council of the Institute recently voted to adopt this plan of study as a regular part of the educational program. This means that courses are now offered in chapters, in study groups, in study classes, and by correspondence.

A study class may be organized at any time so long as there are at least two students from one or more banks and an instructor, Dr. Irwin said.

"The study class is an outgrowth of the study group and fulfills the Institute's desire to broaden its service to include banking communities too small to support the study group or chapter form of organization," Dr. Irwin added.

"The study class," he continued, "must meet the same educational and membership requirements as the study group, differing from the latter in that its organization is very informal."

CONVENTIONS

American Bankers Association

Sept. 28-
Oct. 2 Annual Convention, Hotel Stevens, Chicago
Oct. 30-31 Real Estate Mortgage Clinic, Bellevue-Stratford Hotel, Philadelphia
Nov. 6-7 12th Mid-Continent Trust Conference, St. Louis, Missouri

State Associations

Sept. 5 Delaware, Rehoboth
Sept. 8-10 Iowa, Fort Des Moines Hotel, Des Moines
Oct. 9-10 Nebraska, Paxton Hotel, Omaha
Oct. 19-21 Kentucky, Brown Hotel, Louisville
Oct. 24 Maine, Mid-Winter Meet, Augusta

Other Organizations

Sept. 7-12 Virginia Bankers Conference, University of Virginia, Charlottesville
Sept. 8-11 Annual Convention, Financial Advertisers Association, Hotel Statler, Cleveland
Sept. 8-12 Tennessee Bankers Conference, University of Tennessee, Knoxville

Sept. 11-13 Massachusetts Savings Banks Association, New Ocean House, Swampscott
Sept. 22-24 Robert Morris Associates, Hotel Statler, Detroit
Sept. 24-27 National Association of Supervisors of State Banks, Hotel St. Paul, St. Paul, Minnesota
Sept. 26-28 Savings Bank Life Insurance Conference, North Fork Country Club, Cutchogue, New York
Sept. 26-29 Association of Bank Women, Congress Hotel, Chicago
Oct. 1-3 Mortgage Bankers Association of America, Hotel Roosevelt, New York
Oct. 6-7 Boston Conference on Distribution, Hotel Statler, Boston
Oct. 8-11 Annual Convention, The National Association of Bank Auditors and Comptrollers, Palmer House, Chicago
Oct. 20-22 New York State Savings Banks Association, The Greenbrier, White Sulphur Springs, West Virginia
Nov. 3-5 Morris Plan Bankers Association, Cloister Hotel, Sea Island, Georgia
Nov. 30-
Dec. 5 Investment Bankers Association, Hollywood Beach Hotel, Hollywood, Florida
Dec. 1-5 U. S. Savings and Loan League, Miami, Florida



For the Banks

Committees for the of the American

General Committee

Chairman, PHILIP R. CLARKE	City National Bank & Trust Co.
EDWARD E. BROWN	First National Bank of Chicago
WALTER J. CUMMINGS	Continental Illinois National Bank & Trust Co.
WILLIAM C. CUMMINGS	Drovers National Bank
CHARLES G. DAWES	City National Bank & Trust Co.
HOWARD W. FENTON	Harris Trust & Savings Bank
ALBERT W. HARRIS	Harris Trust & Savings Bank
JAMES R. LEAVELL	Continental Illinois National Bank & Trust Co.
BENTLEY G. MCCLOUD, JR.	First National Bank of Chicago
DAVID H. REIMERS	Live Stock National Bank
SOLOMON A. SMITH	Northern Trust Company
LAWRENCE F. STERN	American National Bank & Trust Co.
CLIFFORD S. YOUNG	Federal Reserve Bank of Chicago

Executive Committee

Chairman, FRED A. CUSCADEN	Northern Trust Co.
JOHN S. BROEKSMT	Harris Trust & Savings Bank
REUBEN G. DANIELSON	Continental Illinois National Bank & Trust Co.
JOHN F. HAGEY	First National Bank of Chicago
WILLIAM H. MILLER	City National Bank & Trust Co.
EDWIN N. VAN HORNE	American National Bank & Trust Co.

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Chairman, JOHN J. ANTON	First National Bank of Chicago
CARL A. BIRDSALL	Continental Illinois National Bank & Trust Co.
HOWARD M. SIMS	Chicago Clearing House
HARRY E. WEESE	Harris Trust & Savings Bank

Information and Publicity Committee

Chairman, KENT C. CHILDS	Continental Illinois National Bank & Trust Co.
A. S. BAGNALL	Live Stock National Bank
GUY W. COOKE	First National Bank of Chicago
J. MILLS EASTON	Northern Trust Co.
HARRY C. HAUSMAN	Illinois Bankers Association
ROBERT LINDQUIST	American National Bank & Trust Co.
CHESTER L. PRICE	City National Bank & Trust Co.
J. RUSSELL WARD	Harris Trust & Savings Bank

Reception Committee

Chairman, WALTER B. ALLEN	Continental Illinois National Bank & Trust Co.
GEORGE R. BOYLES	Merchants National Bank
K. K. DU VALL	City National Bank & Trust Co.
R. KENNETH NEWHALL	First National Bank of Chicago
RANDOLPH G. OWSLEY	Harris Trust & Savings Bank
HOWARD P. PRESTON	Federal Reserve Bank of Chicago
FRANK C. RATHJE	Chicago City Bank & Trust Co.
CHARLES B. WEAVER	Northern Trust Co.
JOHN C. WRIGHT	American National Bank & Trust Co.

Transportation Committee

Chairman, THOMAS J. NUGENT	First National Bank of Chicago
WILLIAM W. FARRELL	Mercantile National Bank of Chicago
L. W. FISCHER	American National Bank & Trust Co.
JOSEPH F. GOVAN	City National Bank & Trust Co.
PAUL C. MARTIN	Harris Trust & Savings Bank
HARRY M. MCLEOD	Northern Trust Co.
FRED M. NABER	Continental Illinois National Bank & Trust Co.

Hotels Committee

Chairman, EDWIN N. VAN HORNE	American National Bank & Trust Co.
JOHN J. ANTON	First National Bank of Chicago

of Chicago

1941 Convention Bankers Association

HAROLD B. BRAY..... Harris Trust & Savings Bank
FRANK R. CURDA..... City National Bank & Trust Co.
JOHN W. NICHOLS..... Continental Illinois National Bank &
Trust Co.
ROYDEN K. PRETTY..... Northern Trust Co.

Halls, Meeting Places and Educational Displays

Chairman, CHARLES M. NELSON	Northern Trust Co.
EDWARD A. BERNDT	American National Bank & Trust Co.
ELTON W. FOLLETT	Harris Trust & Savings Bank
SPENCER L. HART	Continental Illinois National Bank & Trust Co.
BENTLEY G. McCLLOUD, JR.	First National Bank of Chicago
LESLIE McMAHON	City National Bank & Trust Co.
GEORGE A. MALCOLM	Drovers National Bank

Registration Committee

Regulators Committee	
Chairman, HARRY A. BRINKMAN	Harris Trust & Savings Bank
L. KENNETH BILLINGS	City National Bank & Trust Co.
O. PAUL DECKER.	American National Bank & Trust Co.
JAMES H. DILLARD.	Federal Reserve Bank of Chicago
HAROLD ECKHART	Harris Trust & Savings Bank
CLARENCE B. JENNITT	First National Bank of Chicago
RONALD M. KIMBALL	Continental Illinois National Bank & Trust Co.
ALAN R. KIDD	Northern Trust Co.
LEWIS L. McARTHUR	Northern Trust Co.
NORMAN B. SHAFFER	Continental Illinois National Bank & Trust Co.
EMIL A. STAKE	First National Bank of Chicago

Arrangements Committee

<i>Arrangements Committee</i>	
Chairman, C. EDGAR JOHNSON	First National Bank of Chicago
NORMAN L. FELTES	Harris Trust & Savings Bank
M. A. GEORGEN	City National Bank & Trust Co.
JOHN H. KLUG	American National Bank & Trust Co.
O. B. WALLACE	Continental Illinois National Bank & Trust Co.
ARLEN J. WILSON	Northern Trust Co.

Entertainment Committee

Chairman, WILLIAM H. MILLER	City National Bank & Trust Co.
LAURANCE ARMOUR	LaSalle National Bank
LESTER T. BOE	Continental Illinois National Bank & Trust Co.
CHARLES A. CAREY	Harris Trust & Savings Bank
JOHN H. CRIER	First National Bank of Chicago
LAWRENCE A. KEMPT	Northern Trust Co.
CHARLES C. KUNING	American National Bank & Trust Co.

Golf Committee

Chairman, RICHARD A. AISHTON	Continental Illinois National Bank & Trust Co.
ADOLPH R. FLOREEN	City National Bank & Trust Co.
A. MACPHERSON	Bank of Montreal
RICHARD E. PRITCHARD	Harris Trust & Savings Bank
EDWARD B. SMITH	Northern Trust Co.
ROBERT E. STRAUS	American National Bank & Trust Co.
MELVIN H. THIES	First National Bank of Chicago

Ladies Committee

Chairman, MRS. JAMES R. LEAVELL, MRS. RICHARD A. AISHTON, MRS. WALTER B. ALLEN, MRS. HAROLD V. AMBERG, MRS. JOHN J. ANTON, MRS. HARRY A. BRINKMAN, MRS. JOHN S. BROEKSMT, MRS. PHILIP R. CLARKE, MRS. WALTER J. CUMMINGS, MRS. FRED A. CUSCADEN, MRS. REUBEN G. DANIELSON, MRS. CHARLES G. DAWES, MRS. HOWARD W. FENTON, MRS. JOHN F. HAGEY, MRS. ALBERT W. HARRIS, MRS. C. EDGAR JOHNSON, MRS. BENTLEY G. MCCLOUD, JR., MRS. ROY R. MARQUARDT, MRS. WILLIAM H. MILLER, MRS. CHARLES M. NELSON, MRS. THOMAS J. NUGENT, MRS. SOLOMON A. SMITH, MRS. LAWRENCE F. STERN, MRS. EDWIN N. VAN HORNE, MRS. CLIFFORD S. YOUNG.



ORGANIZATIONS AFIELD

JOHN J. McCANN reports on activities of national, state and local bankers' organizations.

Legislature

WHILE IT is a common practice among state associations to keep their membership posted on legislation through regular or periodic bulletins, New Jersey bankers go a step further. This committee on state legislation recently published in booklet form the complete text of laws affecting banking passed to date by the 1941 session. Although the book does not pretend to cover every act that may be of interest to banks and corporate fiduciaries, it does render a worthwhile service in summarizing laws of general consequence.

Research

THE BANK management committee of the SOUTH DAKOTA BANKERS ASSOCIATION has announced a new departure in reporting its findings to the membership. Instead of publishing a yearly manual, the committee has decided to divide the year's reports into 10 parts, each covering a single phase of South Dakota operations, and to send each out individually. By this plan the committee believes it can give a better picture of bank operations by concentrating its efforts on one subject at a time. Issuing reports by instalments will give the membership more time to digest the material. The first of the series issued recently concerned "per item costs."

Reward

ILLINOIS BANKERS ASSOCIATION has an interesting policy in connection with its crime prevention program. The association offers \$200 reward for the apprehension and conviction of bank robbers in be-

half of a group of members which subscribe a pro-rata share of the underwriting costs. The charge for each bank is now \$5 per year. Each participant displays a large red placard in the lobby setting forth the conditions of the reward. Over a period of years several reward plans have been tested. At one time \$5,000 was the attractive total, later it was cut to \$1,000 for convictions regardless of the number of criminals involved. The present plan on this account is said to be far more equitable. Attesting the effectiveness of the program is the fact that \$19,180.96 has been paid out to date. In recent years, however, the amount of rewards have been negligible.

Customer Opinion

THE COMMITTEE on customer relations, NEBRASKA BANKERS ASSOCIATION, has just published the results of its study of customer opinion. A while ago the committee requested a list of customers from each of the 418 banks in the state and circularized that list with a letter

asking for frank appraisal of banks and banking. Of the 36 per cent response approximately half gave the banks a clean bill of health. Eighty-nine customers found the service good "except for one or two minor criticisms." Twenty-six were somewhat scornful and vindictive. The published report gives a full account of the criticisms and suggestions relative to loan policies, service charges, and general banking conditions. In addition, the booklet reprints a cross-section of comments excerpted from customer letters. One especially interesting fact was brought to light—a large number mentioned their appreciation of the opportunity to express themselves.



Defense Bond Week

UNDER SPONSORSHIP of the GEORGIA BANKERS ASSOCIATION key cities—Athens, Atlanta, Augusta, Co-

lumbus, Macon, Rome and others—recently modeled their celebration of Defense Bond Week after the program pre-tested in Savannah. Savannah banks decked their lobbies with red, white and blue bunting and flags; sponsored short radio talks; used defense leaflets in all mails and as statement stuffers; played host to the Red Cross whose members set up booths and distributed leaflets in the bank lobbies. Some institutions played patriotic music on victrolas throughout the week. Across the main thoroughfare a 36-foot banner read: "Buy United States Defense Bonds. Ask any bank in Savannah." Local merchants, civic and social groups—in fact, the entire town entered the spirit of the week. Camp Stewart bombers dropped bond folders at night while searchlights played on the skies. The Army band held nightly concerts in the square facing the post office, while fireworks flashed in the park. Amid this fanfare Georgia rolled up a grand total of sales.

Insurance

THE SAVINGS BANKS ASSOCIATION of New York State has announced that its 29 member institutions operating life insurance departments are now privileged to offer an insurance policy for home owners. The policy assures the mortgagor of a free and clear title in the event of death. The adoption of the savings bank life insurance policy in this manner is expected to substantially affect the number of foreclosures proceeding among member banks. In some instances, foreclosures due to death have run as high as 50 per cent of the total. The policy carries a very moderate premium based upon a sliding scale to coincide with the annual balance of amortization. Under state law, policies are limited to \$3,000 initial face value. In cases where mortgages are in excess of this amount, it is recommended that a policy be maintained at \$3,000 until amortization cuts the balance to the amount of insurance.



Canadian-American Commerce

THE ECONOMIC RELATIONS between Canada and the United States are normally the closest and most extensive of any two countries in the world. In a busy peace year the value of *all* Canadian-American trade (commodities, securities, etc.) is about \$2,500,000,000, exceeding the amount of such transactions between any other two nations.

Now that Canada and the United States have joined in the common cause of protecting the integrity of the Western Hemisphere, trade between these two democracies is increasing, and will continue to expand, at an unprecedented pace. Commodity trade (exports and imports) alone increased by 30 per cent in the twelve months ending June, 1941, to a total of \$1,367,000,000. Adequate banking facilities to complement and complete this vast trade and to care for the greater volume in prospect are among the most essential of all its elements.

On the Canadian side, The Canadian Bank of Commerce affords, through its several American agencies and subsidiaries and over 550 branches across Canada, the high type of banking service it has rendered to countless American banks, businesses and individuals since 1867.

Information as to any phase of Canadian conditions or of Canadian-American trade may be obtained from the Manager of any one of our 550 branches in Canada, as well as from any of our American offices listed below:

New York	
Portland, Oregon	San Francisco, California
Seattle, Washington	Los Angeles, California

THE CANADIAN BANK OF COMMERCE

Head Office: Toronto, Canada

S. H. LOGAN, *President*

A. E. ARSCOTT, *General Manager*



State Farm Mutual has launched a new two-way drive

TO ENCOURAGE AUTOMOBILE FINANCING THROUGH HOME-TOWN BANKS ...

THE interest of local banks in the consumer credit field is growing fast. In automobile financing, particularly, the trend is marked.

Because we believe implicitly in the financing of cars through local banks, State Farm Mutual has launched a cooperative program:

1. We are reminding our more than 700,000 policyholders regularly of the advantages of the bank's low-cost financing facilities. Our 7,000 agents are daily assisting car buyers in financing the purchase of their automobiles through banks.
2. We have designed a special continuous policy which provides full protection for the bank and which relieves the bank of the necessity of checking constantly on expiration dates.

The advantages of this continuous policy are appreciated by thousands of banks. It is recognized as a significant improvement over so-called renewal certificate plans or other forms of receipts evidencing payment of renewal premiums.

The bank enjoys continuous protection, irrespective of the actions or omissions of the policyholder, until such time as State Farm Mutual has given ten days'

written notice to the bank of the lapsation, cancellation, suspension or other termination of the policy.

State Farm Mutual policies can be put into the bank vault with other papers on the transaction and forgotten until notice of termination is received.

You are invited to write for full particulars, including sample policies, endorsement agreements designating your bank as the lienholder, etc. Address State Farm Mutual Automobile Insurance Company, Dept. B-9, Bloomington, Illinois.

Quick Facts About State Farm Mutual

State Farm Mutual is the largest automobile casualty insurance company in the world.

State Farm Mutual is now serving more than 700,000 policyholders.

State Farm Mutual does business today in 39 states, in the District of Columbia and in Ontario, Canada.

Last year State Farm Mutual settled over 200,000 claims.



STATE FARM

Insurance Companies

Bloomington, Illinois

